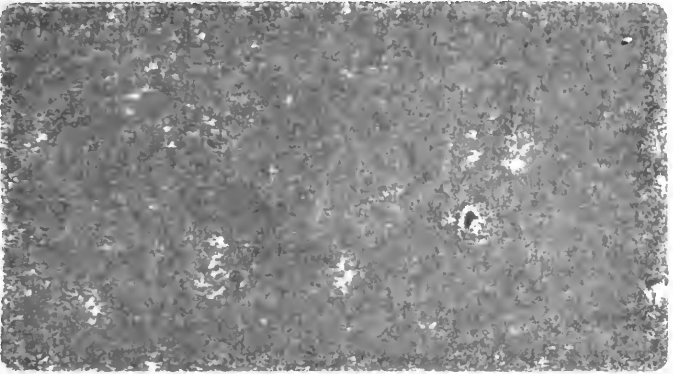




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POLITICAL ECONOMY CLUB.

(FOUNDED 1821.)

REVISED REPORT

OF THE

Proceedings at the Dinner of 31st May, 1876,

HELD IN CELEBRATION OF THE HUNDREDTH YEAR

OF THE PUBLICATION OF

THE "WEALTH OF NATIONS,"

RIGHT HON. W. E. GLADSTONE, M.P.,

IN THE CHAIR.

London:

LONGMANS, GREEN, READER & DYER,

PATERNOSTER ROW, E.C.

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THIS Revised Report and Appendices is issued under the superintendence of the Committee of the Club, viz. Edwin Chadwick, C.B.; William Newmarch, F.R.S. (Treasurer), and Leonard H. Courtney (Hon. Sec.).



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REVISED REPORT OF PROCEEDINGS,

WEDNESDAY, MAY 31, 1876.

DINNER AT PALL MALL RESTAURANT,
WATERLOO PLACE, LONDON,

In Celebration of the Hundredth Anniversary of the
Publication of the "WEALTH OF NATIONS,"

RIGHT HON. W. E. GLADSTONE, M.P., IN THE CHAIR.

AFTER dinner Mr. GLADSTONE read the following Question, and, as previously arranged, called upon Mr. LOWE to address the Meeting upon it, viz. :—

"What are the more important results which have followed
"from the publication of the 'Wealth of Nations,' just one
"hundred years ago, and in what principal directions do the
"doctrines of that book still remain to be applied?"

CHAIRMAN: My Lords and Gentlemen—It is now my duty to call upon Mr. Lowe to be good enough to open the discussion, which he has kindly undertaken this evening.

Mr. LOWE: My Lords and Gentlemen—I am so well aware of the claims of the distinguished audience that I address, and so anxious that they should have an opportunity of taking the principal part in the discussion, that I will endeavour to contract what I have to say in the smallest possible space; and therefore, I will pass at

once to the question, as I should do if we were met on a more ordinary occasion than the present.

It seems to me that before we enter upon the exact subject of debate it is not unsuitable on the occasion of the centenary of the publication of the "Wealth of Nations," we should cast a glance on the man whose mighty achievement we are here to-day to celebrate, and consider what was his method of proceeding, and how it was that he arrived at the results which have made his name immortal.

Adam Smith was, among other things, gifted with a most remarkable faculty of exposition. Living as he did in a time when Johnsonianism flourished to the very highest extent, he had the faculty of writing nervous and racy English, partaking much more of the Teutonic than of the Latin element, to an extent which was enjoyed by very few of his contemporaries; and I cannot doubt that to this literary quality was in some degree owing the enormous success of his writings, for an exposition of the most clearly demonstrative character gains a great deal when it is clothed in beautiful language. Adam Smith had a power of expression which very few people could emulate. He had a force and vigour in treating a subject quite peculiar to himself. He hunted it like a hare from cover to cover, and in and out, with an inveteracy which can be compared with nothing but the sport of the chase. This was one great quality which Adam Smith had in order to qualify him for the mission which he took upon himself.

Then, in addition to that, he had, as it appears to me, a very peculiar method. It has been the merit of Adam Smith, in which I think no man can approach him, that he was able to treat subjects of the kind with which political economists deal, by the deductive method. He was in the habit of saying, in the course of his writings, Men do so and so—which means in his way of writing, Men do so and so, and men will do so and so to the end of the

chapter; and from this position, so laid down, he draws his conclusions. I do not mean to say that Adam Smith had not a great command and a very great knowledge of history, of law, of philosophy, and of almost everything that can make an accomplished writer; but he had, in addition to these, this peculiar quality—that he had the sagacity to enter into the minds of mankind; and, in dealing with the subjects with which he dealt, he had the faculty of anticipating and foreseeing what they would do under certain circumstances; and this has given him the power of raising Political Economy to the dignity of a deductive science; and of all the so-called sciences which deal with mankind, with their thoughts, their wishes, and their actions, this is the only one which appears to me to have the slightest pretence to any such dignity.

No doubt the attempt was made, and a noble attempt it was, by Mr. Bentham and Mr. Mill and others to raise politics to a like eminence. They thought they could foresee what particular persons or a particular class of men would do under certain political conjunctures, and they attempted to raise a demonstrative and deductive science of politics, as Smith did a science of Political Economy; but I am bound to say that, so far as my own opinion goes—and I think the opinion of the world is pretty nearly unanimous on the subject now—that effort, meritorious and great as it was, has failed, and the science of politics remains to be written.

The test of science is prevision or prediction, and Adam Smith appears to me in the main to satisfy that condition. He was able to foresee what would happen, and to build upon that foresight the conclusions of his science. He used, no doubt, metaphorical language; he talked of the rise and fall of prices, and of the contraction and dilatation of the currency; but what he meant by that, what of course those words really mean, was, that under certain circumstances the human mind will be so operated upon by the presence of those influences that men will take such and

such steps, that such and such results will follow. I think that Adam Smith is entitled to the merit, and the unique merit, among all men who ever lived in this world, of having founded a deductive and demonstrative science of human actions and conduct. There are distinguished names of men, no doubt, in other departments of human nature, whose efforts have turned in the same direction, and we must hope with a measure of success, but at present they have not succeeded; and in this respect I think he may be said to have trodden the winepress alone, and that of his companions there were none with him.

I do not pretend to account for the fact how it should be that Political Economy may boast of this prevision or prediction, which has been denied to the cognate arts or sciences; whether it be that the exceptions from the rule, that men act according to their own interest as they understand it, are so slight, as mathematicians say, that they may be altogether neglected, or whether it be that in some degree men err in different directions so as to cancel each other; but I apprehend nothing is more certain than that the main truths of Political Economy do not rest upon *a posteriori* arguments, but that they rest upon assumptions with regard to what mankind will do in particular circumstances, which assumptions experience has verified and shown to be true. And without reference to anything that Adam Smith may have accomplished for the benefit of the human race otherwise, I call your attention to this as a most remarkable achievement, one perfectly unique in the history of mental science, and which alone ought, in my opinion, to raise him to the very highest rank among those who have cultivated the more abstruse parts of knowledge.

I come now to consider what people have thought with regard to the method of Adam Smith. A most illustrious and distinguished member of this Club, whose loss we all sincerely regret—I refer to Mr. Mill—has, in the introduction to his “Political Economy,” spoken, I think, rather harshly of Adam

Smith. What he says of him is, that he is often obsolete and he is always imperfect, and that the science was in his time in its infancy. Now, I am quite prepared to admit that in a certain sense a great deal of that is true. Of course the questions that Adam Smith argued in his day are not the questions of our day; they have become obsolete, and they have become obsolete mainly through the labours of Adam Smith himself, because, by the cogency of his arguments and the force of his demonstrations, he has done away with many of the questions which then agitated the public mind. That, therefore, is nothing against Adam Smith. It is said, also, that he is always imperfect; and in one sense that also may be said to be true. It is true that Adam Smith was not what is called a systematic writer. I do not think his arrangement is at all a model of clearness or perspicuity. I do not think that he shines in that in which so many inferior geniuses have shone, namely, in the art, after having discovered several great truths, of comparing them and correlating them with each other, and bringing them into harmony. I do not think that that was Adam Smith's turn of mind at all; he puts me much more in mind of what we read of the sages of ancient Greece, who, as the result of a life of labour and study, bequeathed to mankind half a dozen maxims for their guidance; only that Adam Smith was in this superior to the sages of ancient Greece, that while they bequeathed their maxims to mankind in all their generality, he gave us maxims with a direct practical view, and always added to them a practical application. This not only has the effect of making what he has left us more intelligible, but it reacted upon him, I apprehend, in a most favourable manner, and certainly it enabled him to lay down principles and rules so wide, so weighty, and so true, that they have served for the guidance of mankind from his time to the present, and, so far as we can judge, they will last as long as mankind shall seek after truth, or busy themselves with any intel-

lectual study whatever. That is the peculiar merit of Adam Smith. He cannot claim the merit of being a systematic writer, or that he was a man whose ideas readily took a scientific form; he puts me much more in mind of a very able man, say in Parliament for instance, who has thoroughly mastered a question, who is thoroughly impregnated with it, and with his whole force is endeavouring to explain it to an audience like the House of Commons, who are fully able to follow him in his reasonings and deductions. He is much more popular than the founders of science have generally been. I am bound to say, further, that it is not always easy to reconcile one part of Adam Smith with another. He wrote for the particular object on which his mind was fully engaged, and I do not think that he appears always to have taken a great deal of care to compare what he wrote at one time with what he wrote at another, so that it has been easy for those who came after him to point out, for instance, a want of strictness in his definitions, or an use of terms sometimes in one sense and sometimes in another, which far inferior geniuses than Adam Smith would most likely have carefully guarded against. Therefore I admit that there is some truth in what Mr. Mill has said with regard to Adam Smith's imperfection; but then I must say that all that is much more than counterbalanced, is far more than redeemed, by the wonderful force and truth of those maxims and those positions which he has evolved, and which he has laid down with such inimitable force. When we have got the original thinker who has struck out the idea, it is easy to find men who can do the systematising part of the work; and that has been admirably done by those who followed him, men well worthy to follow such a leader. I might say, I think, without much exaggeration, that Adam Smith has been the Plato of Political Economy, and that Ricardo (a member of this Club) also has been its Aristotle.

I would also mention another thing as a proof of the

extraordinary power which Adam Smith had — a power which, I think, no man that ever lived ever had before to the same extent—of condensing truth into a few memorable words, which mankind could retain and act upon. Adam Smith had his errors like the rest of us; he would not have been human if he had not; but the errors that a man makes in generalising are usually of this nature, especially when generalising as to the human mind, that when he sees his way to a great general proposition he rushes at it without sufficiently considering whether there may not be exceptions that ought to be made in it; and while a great generalising intellect of that kind carries along more or less of continuity in his thought, he is in too much of a hurry to grasp at what he conceives to be a truth to take into consideration how far the exceptions are capable of modifying it. Now the peculiarity of Adam Smith is exactly the contrary. Smith also made great and sweeping generalisations; Smith also in many cases, I am bound to say, has failed; but where he has failed it has not been because he did not take sufficient notice of the exceptions to his own rules, but because he believed he had found exceptions to his own rules that did not really exist. Smith failed there mainly because he had not sufficient confidence in the truth of the doctrines which he laid down, and admitted exceptions which, I think, we all of us are familiar with, to those rules, but which were not really so. I would mention one or two instances merely by way of illustration. Take the case of rent. We all know that the matter in which Adam Smith most signally wandered away from that which we now conceive to be the true rule of Political Economy was the matter of rent; that he believed rent to be an element of value; and yet if you will read Smith's chapter on Rent, instead of looking at the rent of land, with regard to which his mind was in some degree biassed and influenced by some special circumstances, and read what he says about

mines, you will find in that very chapter in which he lays down a false theory as regards land he lays down the perfectly true theory when it is applied to mines. If you look also at his general principles, you will find that while he lays down that rent is an element of value, he will tell you in another place that the value of a commodity depends entirely upon the quantity of labour that is required to produce it, and he thus negatives by his own great generalisation the exception that he made. I could multiply instances if it were necessary. The Usury Law is another case. Adam Smith thought that high interest would only be paid by spendthrifts and prodigals, and that this should be forbidden, while he, throughout the whole of his work, fulminates against any such attempt in any way to check the freedom of any man to invest his capital as he thinks best. In the same way with regard to the Navigation Laws, nothing could be stronger than Adam Smith's views with regard to the right of merchants to deal with whom they please, or in what ships they please, and with what men they please; but, at the same time, you will find that Adam Smith is an advocate for the Navigation Laws. I quote these things, in the first place, because it is right that we should not be indiscriminate in our laudation, and should look at both sides of the question; but I quote them mainly for this purpose, to show you how just, how wise, how practical and true were Adam Smith's generalisations, and that the principal errors that he has committed in the course of his long and arduous work really consist in not having sufficient confidence in the truth of the generalisations that he had made, instead of, as in the ordinary case, having pressed his generalisations too far. I think that such merits as I have mentioned amply compensate for the want of system in his work. This is as much as I have thought it right to say with regard to Adam Smith's system.

Now I pass, I hope after not too long a digression, to the subject which is more immediately committed to me by the Club, and that is, to inquire into the advantages that we have already reaped from the labours of Adam Smith, and the advantages which we may hope to reap hereafter.

Now as to that, so comprehensive are the principles that Adam Smith lays down, so clear and easily understood in their generality, that I apprehend that one great merit which we may fairly ascribe to him is this, that he really has enabled us to condense the whole theory of wealth and poverty into something like four words. I apprehend that the result of Adam Smith's investigations amounts to this, that the causes of wealth are two, work and thrift; and the causes of poverty are two, idleness and waste; and that these will be found, the longer you reason out from those simple propositions all that is necessary to be known, and perhaps almost all that can be known, with regard to the subject of the production and accumulation of wealth. In the chapter on the Mercantile system, and in the chapter on the Restrictions of Trade, he has laid down those principles which have revolutionised the whole course of thought and proceeding with regard to the causes of wealth.

Well then, gentlemen, I think I have no very great difficulty in answering the question, What is the good that we have derived from Adam Smith? It is demonstrated in a passage which I have no doubt is familiar to every reader, that any proceeding on the part of a government which attracts capital to a course in which it otherwise would not go, or repels capital from a course into which it would go, must be injurious, because every man is the best judge of his own interest, and in doing the best for himself he is doing the best for the state. Therefore those two agencies, the attractive and the repellant agencies, being eliminated, there remains as the only agency which is left, perfect and absolute freedom. That is the principle of Adam Smith; and the question, of course, is very easy to

answer, what are the advantages which the world has derived from that principle?

Of course it is almost impossible for us to imagine at the present day the state of ignorance in which, notwithstanding the writings of many most admirable persons, Adam Smith found mankind on this subject. I will only mention one instance of it, and that is a conversation between Dr. Johnson and Mr. Boswell on the "Wealth of Nations," and this is the memorable dictum which Dr. Johnson delivered on the subject: "As for mere wealth, that is to say money, a man cannot increase his store without making another poorer." That is what the sage of the age, who in the opinion of mankind stood far above Adam Smith at that time, thought of what Adam Smith had laid down as the rule for obtaining wealth. It seems to us all obvious, now that the battle has been won, now that the thing has been proved, but we are apt to forget the slough in which people were grovelling until he raised them up to his clear and pure conceptions of good sense and justice.

One of the first things that Adam Smith did, that we know of, was that he made a convert of Mr. Pitt. Mr. Pitt, as Adam Smith said himself, was as well acquainted with the "Wealth of Nations" as Adam Smith was. The effect of that was the first French Treaty. It has been somewhat overclouded from the miserable events which succeeded it, but if you look at the state of opinion and the knowledge of mankind at that time, I consider it one of the most wonderful and glorious effects that Adam Smith ever produced. I trace that not merely by inference, but directly, to Adam Smith. There is no doubt that Smith and Pitt had repeated conferences, and thus he entirely imbued Pitt with his own notions. It is impossible to say what a misfortune it was to mankind that a minister so fitted to advocate free trade should, by unforeseen circumstances, have been turned into a minister of war.

We must skip over twenty years of war, and then we

come to the glimmering of the dawn which Adam Smith had prepared for us. We come to Mr. Huskisson relaxing the Navigation Laws and doing away with the monopolies in the Colonies, and then, after a severe struggle in which Adam Smith really found all the arguments, we come to the glorious triumph of the abolition of the Corn Laws. I do not stop to dwell on these things; I have already taken up too much of your time. The modified Tariff of Sir Robert Peel was an enormous stride in advance, and then, I must be allowed to say, the measures of my right honourable friend who occupies the chair to-night are the very crown of the edifice. I sincerely grieve to say he left nothing for his successors to do, at least in the direction of carrying out the principles of Adam Smith.

Then there is another immense service which Adam Smith performed for us. You will remember that after the notion of Protection was got rid of, we had a sort of intermediate stage which had the very powerful advocacy of Colonel Torrens, the stage of the advocacy of Reciprocity; and I apprehend that nothing could contribute more powerfully to the explosion of that delusion, as I think it was, than the writings of Adam Smith, because it results immediately from the writings of Adam Smith that if you compel people to deal with certain people when they otherwise would not do so, you will compel them to forego a certain amount of profit, and you will do a certain amount of injury therefore to the public. This comes therefore under the head of waste, a cause of poverty. I may also quote this expression which he made in his own singularly emphatic and forcible language. He said, with regard to the mercantile system, that it copied the sneaking arts of underling tradesmen who would only deal with those who dealt with them. At any rate, that was also exploded, and we have at last the full benefit of Free Trade. I think anyone will say, without meaning to disparage any of the eminent men either on the Continent or in England who have written upon this

subject, that it is impossible to deny that the main credit and glory of all these things belongs to the obscure Glasgow professor, who had nothing but his clear head, his strong conviction, and his admirable power of exposition and demonstration to lead him to those principles.

I will venture to point to a comparatively small matter, which already has not been without its results—that is, the improvement in the law with regard to the aggregation of capital, collecting small capitals together so as to make one large one, which we interpret by the name of limited liability. That again was in the true spirit of Adam Smith, because it was removing an obstacle to men investing their capital as they thought it best and most prudent to invest it. I have no doubt that a great deal more might be said as to the results from Adam Smith which we have already reaped, but I have taken up quite time enough, and I leave it for those who are better informed to fill up the hiatus.

I come now to the more difficult question of the future ; and here I tread upon rather thorny ground. It is well known that the French Treaty of 1860 was a treaty made under very peculiar circumstances, by which great advantages were obtained for this country which could have been obtained in no other way but by means of a treaty. I am not therefore to be understood as saying one word about it, or as saying that it would or would not have been condemned by Adam Smith if it could have been submitted to his judgment ; but I think that he would condemn, and condemn most energetically, that which has followed upon it. People seem to consider that because the relaxation of duties between England and France, for certain reasons which I need not further allude to, with regard to the Government regulations of France, was carried out by means of a treaty, that therefore it is impossible to take take off duties or to make advances in the direction of Free Trade without having a treaty. If the Club will allow me to

descend so far from the dignity of logic and of biography as to offer an illustration, I will make use of one from Mr. Morier's novel of "Hadji Baba," where a gentleman falls desperately in love with a lady, and he is extremely anxious to persuade her to marry him. He consults his friend as to how he managed in order to persuade his wife to marry him. His friend said: "Why, sir, it was on a rainy morning, going to church under an umbrella; just as we got about half-way to church I proposed, and she accepted." This gentleman, with incomparable diligence, watches for his opportunity, he purchases an umbrella, he watches Sunday after Sunday for a rainy morning, he accompanies the lady to church, and he proposes to the lady and is most enthusiastically rejected. That seems to me exactly like the error of foreign countries with regard to this treaty. The essence of the thing is not in the treaty, it is in the taking off the duties and in preventing the imposition of duties. It is a melancholy delusion, and worse, because it prevents these things being done if people suppose that a treaty is essential. I think that Adam Smith would have addressed them something in this manner. He would have said what he said with regard to the mercantile system: "Gentlemen, the object is consumption. Production is only good so far as it tends towards consumption: consumption is the end, production is the means, but you are acting as though consumption was the means, and production was the end. You say, 'If you will submit to the misery and hardship of consuming our productions, we will submit to the misery and hardship of consuming yours.'" That is the language which Adam Smith would address to them; and I only hope that whenever arguments of this kind prevail, due regard will be paid to what Adam Smith says on that subject in his chapter on the Mercantile System. And this is the most extraordinary thing about him, that, with his higher intellectual prevision, he has anticipated and dealt with subjects which could not possibly have been

supposed to have been in his mind or in the mind of anyone at the time that he published his work.

The next subject that I would mention is that of Education. I am inclined to think that, perhaps, of all that Adam Smith has written, there is nothing more admirable than his chapter upon Education, and yet I believe that there is no part of his works that is less read, or that has exercised less influence on the transactions of mankind. To say that Adam Smith is ahead of the present age in this matter is to say nothing; he is centuries before it. He attacked the doctrine of promoting education by endowments. He says, "If you do this you will make men lazy, and they will not work." He says, "If you will give money, and will confer degrees as a bribe to go to a particular university or a particular place, they will go there for that purpose and for that only, and you dispense people from the necessity of teaching well, because people must go there." He says that a young man should not be kept to a teacher whether he teach well or ill, and that he should be at liberty to find anywhere the people who can teach him best. He says if you have scholarships, and fellowships, and other eleemosynary benefactions of the kind, those should not be connected with particular places, because they form a bribe to people to go to those places independently of whether they get good instruction there or not; that students should be allowed to take them with them wherever they go if they have once fairly earned them by competition. He says that a man who goes to a college, if he finds that he is not well taught at that college, should be allowed to quit that college and go to another where he may be better taught, so that there should be competition between college and college, between teacher and teacher, and between pupil and pupil. These are the views of Adam Smith, and it is really wonderful, it is almost incredible, that a man a hundred years ago should have had foresight to entertain them and to express them; and yet I know of no part of his works

that is less read or has been less practically applied than that, and if I were to say what is the solitary result that has come of all his wonderful good sense and good reasoning, I would point to the speech of my Right Honourable friend with reference to putting the Income-tax upon Charities.

Then, my Lords and Gentlemen, there is another subject of very great interest indeed, and that is, the question of Unionism. There is nothing more lamentable in these times, when we have for so many years enjoyed the full light of Adam Smith's teaching on this subject, than to see the errors and follies into which those people are led—such, for instance, as the rule that a man shall not hold a brick and a trowel in the same hand; that you shall not be allowed to get your stone or other things except from a particular place; that you shall not chase, that is, that you shall only work at a very moderate pace, and that you shall not attempt to distinguish yourselves in any way;—all contrivances in order to waste the capital of the master, and really, in the end, to injure the persons whom they are intended to benefit. I apprehend that there can be no better doctor for such a disease than Adam Smith. I must say myself, although I have sometimes been accused of rather despairing of the working classes, that in this case I do not despair. I believe that as education spreads these things will diminish; and I have the greatest possible hope that as Adam Smith has eaten out so many other diseases that were injuring the public, he will also destroy this. I daresay you are all very familiar with the celebrated passage of Adam Smith's, in which he says, in a moment apparently of despondency, that he considers that nothing is more impossible than that England should ever regain Free Trade, and that we must sooner expect an Oceana or Utopia than that Free Trade should ever find its way to England. He underestimated his own strength; Free Trade has found its way. The merchants and the jobbers

of those days were quite as stupid and quite as ignorant with regard to the advantages of Free Trade as the Trades-Union men of our day are; and I do not the least doubt that in course of time, as instruction is diffused, they will cast aside this as the merchants and other classes of England have cast aside Protection. I think it is one of the most interesting facts in the history of Adam Smith to find that after all that he had done, after all the light that he had poured upon this subject, after the firm conviction with which he saturated his own mind, he felt still, after all, that the sons of Zeruiah were too strong, that he could not hope even with all of them to prevail. How gratifying a thing it is to think that in this alone, of almost all the aspirations and views of this great man, he has been most fortunately disappointed.

I do not presume to go further in the way of prediction as to what we may hope for the future. I cannot help thinking that we must look rather to the negative than to the positive side, at least at present. I can imagine that it may be suggested that Adam Smith has been happier where he has been denouncing abuses than where he has been describing the results of his principles. It is a question upon which you will, of course, form your own opinion. I do not myself feel very sanguine that there is a very large field—at least, according to the present state of mental and commercial knowledge—for Political Economy beyond what I have mentioned; but I think that very much depends upon the degree in which other sciences are developed. Should other sciences relating to mankind, which it is the barbarous jargon of the day to call Sociology, take a spring and get forward in any degree towards the certainty attained by Political Economy, I do not doubt that their development would help in the development of this science; but at present, so far as my own humble opinion goes, I am not sanguine as to any very large or any very startling development of Political Economy. I

observe that the triumphs which have been gained have been rather in demolishing that which has been found to be undoubtedly bad and erroneous, than in establishing new truth ; and imagine that before we can attain new results we must be furnished from without with new truths to which our principles may be applied. The controversies that we now have in Political Economy, although they offer a capital exercise for the logical faculties, are not of the same thrilling importance as those of earlier days ; the great work has been done. I will conclude by saying, that if you consider Adam Smith in his literary character as perhaps the very best, or almost the best, prose writer in the English language ; if you consider him in his scientific character as having been the only man who has ever been able to found a science dealing with the conduct of mankind in their transactions with each other upon a clearly deductive and demonstrative basis, and who has established the truth of his predictions ; and, lastly, if you consider him as the benefactor of countless millions, born and yet unborn, whom he has delivered from the most disgraceful and miserable slavery—the slavery of ignorance, stupidity, and blundering—you will say that there is no one probably, if men are valued not according to show and glitter, but according to the solid achievements of their lives, who is more worthy of our admiration, esteem, and veneration than this simple Glasgow Professor.

CHAIRMAN: My Lords and Gentlemen,—You are all aware that our Society has received this night a very remarkable and signal compliment, well worthy of so great an occasion as this on which we have met together, in the presence of the French Minister of Finance, M. Léon Say, who is inclined to add to the great favour which he has already done us by taking part in this celebration, in that he is prepared to address us upon the subject.

M. LEON SAY: Mylords et messieurs,—Je vous prie de vouloir bien m'excuser si je parle en français. Ne sera-ce

pas d'ailleurs plus conforme à l'acte que je veux accomplir, qui est de rendre un hommage purement français à l'illustre auteur de la *Richesse des nations* !

Notre pays a su, comme le vôtre, profiter des enseignements de votre grand économiste, et, si l'on compare les progrès accomplis de 1776 jusqu'à nos jours, on constate que la France n'a pas été la dernière à entrer dans la voie tracée par Adam Smith.

Nous étions, il faut le dire, bien préparés, à la fin du dix-huitième siècle, pour comprendre les leçons du maître. Avant qu'il ait entrepris d'écrire son grand ouvrage, avant d'avoir commencé cette célèbre retraite de dix années qui a donné naissance à son chef-d'œuvre, Adam Smith avait pu constater, dans ses deux voyages de 1762 et 1765, que les esprits étaient préoccupés, dès cette époque, chez nous, des graves sujets sur lesquels il devait plus tard jeter tant d'éclat.

La société française avait en effet accueilli, avec une sympathie que justifiaient leur talent et leur caractère, cette réunion d'hommes remarquables qu'on a appelés les physiocrates, et qui avaient pour chef le célèbre docteur Quesnay. Ces hommes, au milieu de beaucoup d'erreurs, avaient émis un grand nombre d'idées fécondes et avaient préparé, pour ainsi dire, le terrain dans lequel Adam Smith devait jeter plus tard les semences de la vérité.

Les événements de la Révolution française détournèrent les Français des questions économiques, par la nécessité de veiller à des intérêts si pressants, que le reste disparut en quelque sorte de la scène. C'était un moment où l'on combattait pour la vie même. Il y avait pourtant, au milieu même de ces troubles, des hommes qui gardaient avec un soin jaloux la flamme secrète, et parmi eux, à leur tête pourrais-je dire, mon grand-père J.-B. Say.

Il était alors dans toute la force de la jeunesse et dans toute l'ardeur de convictions qui, cependant, étaient déjà mûrement réfléchies. Le petit groupe des disciples d'Adam

Smith était formé, il pouvait espérer entraîner à sa suite cette jeunesse, française si avide d'études et d'idées nouvelles; mais on était à la veille de l'établissement du premier empire, et un nouveau recul était inévitable. L'empire n'aimait pas les économistes; il avait peur des idées et paraissait infliger comme une espèce de sceau de réprobation aux esprits philosophiques et studieux en les appelant "des idéologues." Nous avions eu pour les idées économiques une aurore brillante, nous devions avoir une renaissance qui n'a pas manqué d'éclat; l'économie politique devait, dans l'intervalle, passer par ce que je pourrais appeler son moyen âge, son âge d'obscurissement et de ténèbres profondes. On aurait pu croire, pendant le premier empire, que l'économie politique n'existait pas en France.

On raconte que, tout jeune encore, Adam Smith fut enlevé par des brigands et qu'il resta pendant quelque temps entre leurs mains sans que sa famille ait pu, malgré ses recherches, le découvrir.

Tel fut chez nous le sort de l'économie politique sous Napoléon. Elle fut enlevée par un despote jaloux et soustraite à tous les regards pendant une période de quinze années.

Ce temps d'oubli devait cependant cesser. Le culte de l'économie politique, toujours cher au cœur de J.-B. Say, devait revoir de beaux jours.

Au mois de novembre 1814, J.-B. Say fit un voyage en Angleterre. Il visita Glasgow, il s'assit dans le fauteuil dans lequel Adam Smith avait professé. Il prit sa tête dans ses mains, voulant, —c'était son expression,—rapporter en France une étincelle du génie du maître.

Cette étincelle, il la rapporta en effet, et il en fit une lumière! Il réunit autour de sa chaire une foule d'hommes qui entendaient pour la première fois exposer les vrais principes de la science économique. Il créa une école; l'économie politique prenait des lors racine; elle avait droit de cité chez nous; elle était française.

Cependant, les sphères gouvernementales lui étaient toujours fermées. La science économique était traitée par le monde officiel comme quelque chose de dangereux, comme une arme chargée dont les effets pouvaient se traduire par une explosion redoutable. Aussi, J.-B. Say ne vit-il pas le couronnement de ses efforts. Il aurait été bien étonné de voir son petit-fils occuper les fonctions de ministre des finances et se glorifier en même temps d'appartenir à l'école d'Adam Smith.

Aujourd'hui, la cause de la science économique est gagnée; beaucoup de questions d'application sont encore discutées, comme chez vous, d'ailleurs; mais la science est fondée. Je demanderai, à ce propos, à suivre un instant M. Lowe sur ce terrain où il s'est placé tout à l'heure, en parlant de la théorie des traités de commerce. C'est une méthode évidemment contraire aux principes de la science, que de régler les questions de liberté commerciale par des traités; mais il ne faut pas oublier que dans notre pays, malgré les efforts de nos économistes, l'éducation économique du plus grand nombre s'est faite beaucoup plus par les faits que par les principes.

Il n'est pas rare, je pourrais même dire qu'il est commun de rencontrer des personnes qui produisent des conclusions vraies en les appuyant sur des raisonnements absolument faux. Il est général, par exemple, de raisonner au point de vue du producteur, et le point de vue du consommateur est absolument négligé. Non-seulement dans le présent avons-nous donc à tenir compte de cette disposition des esprits, mais devons-nous même être préoccupés jusqu'à un certain point de l'avenir de certaines idées économiques. Je dirai, comme M. Lowe, qu'il y a des incertitudes dans cet avenir. Les classes ouvrières, les hommes du moins qui paraissent avoir de l'action sur elles, ne sont généralement pas favorables à la liberté du travail comme les économistes l'entendent. Ils peuvent être amenés, par conséquent, à faire revivre avec

plus ou moins d'étendue les idées du système protecteur, car il y a entre la liberté du travail et la liberté du commerce des liens dont on ne peut méconnaître la solidarité. Les points de vue de fait ne doivent pas être négligés et peuvent dominer dans une certaine mesure les points de vue théoriques lorsqu'on se demande s'il faut, en matière de libre échange, procéder ou non par la voie des traités.

Mais je ne voudrais pas m'étendre sur un sujet si vaste, et je finirai, messieurs, en vous rappelant une pensée d'Adam Smith. Il a dit quelque part que les nations pouvaient s'élever au plus haut degré de la civilisation, à trois conditions :

La première, c'est une bonne administration de la justice. Je crois que nous pouvons, dans cet ordre d'idées, nous rendre hommage à nous-mêmes : les progrès faits dans cette voie sont aujourd'hui complets. Nous sommes, on peut le dire, arrivés de ce côté à l'état définitif.

La seconde, c'est la liberté du travail. Nous remplissons cette seconde condition, dont nous étions si loin il y a cent ans, et, sauf les réserves que j'ai faites tout à l'heure sur les tendances des classes ouvrières, nous pouvons compter que le progrès est accompli.

La troisième condition d'Adam Smith, c'est la paix. Cette troisième condition, ne pouvons-nous pas dire qu'elle est dans nos mains et qu'il suffit que vous et nous, les Anglais et les Français, nous ayons une ferme volonté de maintenir la paix pour nous en assurer les bienfaits ? Cette volonté, elle ne nous manque ni aux uns ni aux autres.

Ne nous est-il pas, en conséquence, permis de dire que, remplissant les trois conditions d'Adam Smith, nous marcherons d'un pas sûr et rapide dans les voies du progrès et de la civilisation, et que nous rendrons ainsi, par notre conduite, un hommage de plus en plus éclatant à la mémoire de votre grand économiste ?

Mr. NORMAN : Mr. Chairman and Gentlemen,—I am called upon very unexpectedly to say a few words upon

this very interesting occasion. The only ground upon which I can be called upon to say anything is, that I stand in the position of being senior member of this Club, and the only survivor of its original members. And here I may say, that my having been a member of this Club at an early age was to me of the greatest possible advantage. I can hardly give you an idea of the advantage which it has conferred upon me. By being a member of this Club I became the companion of Mr. Ricardo, of the two Mills, of Colonel Torrens, of Mr. Malthus, and of Mr. Tooke, author of the Merchants' Petition of 1820, and said to have been the founder of the Club, and of a vast number of other distinguished men, and from my intercourse with them I derived the greatest possible benefit. And here I may say with respect to the doctrines of Political Economy as it was taught in those days, I think that the principles which I then learned are perfectly unattackable. I hear a great many objections made to the received doctrines of Political Economy. We are told by a distinguished gentleman whom I may venture to call my friend, that the doctrines of Political Economy will only suit the exact conditions of England at a certain time, but I am not of that opinion. It seems to me that the real doctrines of Political Economy as they were first taught by Adam Smith, and as they were subsequently explained by the persons whose names I have ventured to quote, remain unimpeached; that they have never been successfully attacked; that they are in, fact unattackable; that they are true now and will be true to all time. I take the real essence of Political Economy to be the explanation of that science which deals with the production, the distribution and the consumption of wealth. I do not think that those doctrines thus limited have ever been successfully attacked. I grant fully that wealth is not the only thing at which man ought to aim. There are other things, and several things far higher and far more im-

portant than wealth. Occasionally the production of wealth may come into conflict with considerations of a higher nature, and in that case the wish to create and to accumulate wealth ought to give way to those higher considerations—I may name among them national defence—I may name national health—I may name national morality: I do not say that those things often come into conflict with it, but I can conceive that they may come into such conflict. With these exceptions I maintain that the doctrines of Adam Smith, as they were laid down and as they were first brought into prominence and into notice by the great work of Adam Smith, and as they were subsequently explained and developed by the great men to whom I have alluded, have never been successfully assailed, and I feel convinced that they never will be successfully assailed, and I consider that the more they are carried out the more the real welfare of mankind will be promoted. Having made these few remarks, for which I was not prepared, I will sit down, thanking the gentlemen who have been so kind as to listen to me. In conclusion I tell them that among the advantages of my life, which has been prolonged to a very unusual period, the advantage of having been a member of the Political Economy Club for fifty-five years is one of those which I rank the highest.

CHAIRMAN: My Lords and Gentlemen,—We are very specially favoured to-night, not only in the very large assemblage of those amongst our countrymen who take the liveliest and most intelligent interest in the immediate occasion of this meeting, but in the representation of similar ideas and similar interests from abroad. I specially rejoice in the presence of the French Minister of Finance, for he represents within these walls a country which is one of two that have executed the most extraordinary financial operations—and legitimate financial operations, too—upon record in the history of the civilised world. One of these operations I conceive to be the gallant and high-spirited efforts which

have been made by France to meet, as she has met successfully and triumphantly, the enormous burthen imposed upon her by the recent war, and the other was the equally gallant and equally high-spirited effort, in my judgment, made by the Government of the United States after the tremendous sacrifices entailed upon it by the War of Secession, to make an effectual impression upon the tremendous and, as many thought, the overpowering and overwhelming debt which that war was the occasion of accumulating. I have been desirèd particularly not to name the distinguished individual through whose energies and through whose intelligence that great and high-spirited effort of the people of the United States took head, namely, Mr. McCulloch. I think I shall be permitted a breach of principles higher than those of the comity of the Banquet, if on an occasion like this, and in the presence of Monsieur Léon Say, I had not reminded the company of those extraordinary efforts, and of the great results in the reduction of the American debt that followed upon those efforts. However, I am not going to make a call upon Mr. McCulloch, because I am afraid that his modesty is equal to his financial ability; and because we are rich in foreign attestation to the importance of this celebration, so that I am happily not driven to it by the pressure of extreme necessity. We have present amongst us another gentleman whom I may perhaps be allowed to claim the honour of calling my friend—I mean Monsieur Laveleye, who comes to us, and whom it is entirely unnecessary that I should introduce to you as having been for a great number of years, in more branches than one, among the most distinguished public writers of the continent of Europe. I am quite satisfied that he has shown this in a most conspicuous manner by his attendance here, and by the interest which he feels on this occasion. You have testified to your reciprocal feeling towards him by the manner in which you greeted the mention of his name, and

I trust that I am not too sanguine in my expectation that perhaps he may be kindly disposed to give us assurances from his own mouth of the views with which he regards our meeting on the one-hundredth anniversary of the publication of the "*Wealth of Nations*."

M. de LAVELEYE was next called upon, and said :—Il ne m'appartient peut-être pas de prendre la parole dans une réunion d'hommes aussi distingués, en présence de l'homme d'état illustre qui préside cette réunion et d'un autre homme d'état qui porte dignement le nom du grand économiste français que l'on pourrait appeler le Smith du continent, Jean-Baptiste Say ; mais je désire au nom de mon pays, la Belgique, rendre hommage à Adam Smith, dont les doctrines de libre échange ont été appliquées chez nous pour le plus grand bien de tous. Nulle part, je crois pas même en Angleterre, ces bienfaits n'ont été plus appréciés, car nos Chambres de Commerce ont demandé, non seulement l'abandon de toute protection, mais même l'abolition complète des douanes. A mon avis, le motif pour lequel nous devons considérer Adam Smith comme l'un des grands bienfaiteurs de l'humanité, ce n'est pas seulement par ce qu'en étudiant les causes de la richesse des nations il leur a indiqué les moyens d'augmenter la production, c'est parce qu'il a démontré que les intérêts des peuples sont solidaires, et qu'il a donné ainsi une base rationnelle à la fraternité humaine, ce principe sublime que le Christianisme a apporté au monde. Au siècle dernier, les hommes les plus clairvoyants, comme Voltaire par exemple, étaient convaincus qu'on ne peut désirer la grandeur de son pays sans souhaiter en même temps l'affaiblissement des autres nations, et cette erreur malheureusement est encore très répandue. Les économistes ont prouvé qu'au contraire un état a intérêt à ce que les autres états soient prospères, afin d'y trouver un large débouché pour ses produits, idée féconde qu'un poète français a exprimé dans ces beaux vers :

“Aimer, aimer c'est être utile à soi,
Se faire aimer, c'est être utile aux autres.”

D'après moi, la première partie du programme de l'économie politique celle qui concerne la production de la richesse, peut être considérée comme presque épuisée. Quand on voit la prodigieuse accumulation de richesses qu'on rencontre partout en Angleterre, quand on relève les chiffres prodigieux de son commerce extérieur et de ses échanges intérieurs, les 130 ou 140 milliards francs de règlements du Clearing House, quand on pense, d'autre part, que la France a pu payer une indemnité de guerre de cinq à six milliards, perdre au moins trois à quatre milliards dans une lutte formidable, et néanmoins se trouver aujourd'hui aussi prospère que jamais et avoir rien que dans l'encaisse de la Banque de France deux milliards de francs, amas de métaux précieux sans précédent, on est porté à croire que, grâce aux merveilleux progrès de la science et de l'industrie, les hommes sont à même aujourd'hui de produire tout ce qu'il faut pour la satisfaction de leurs besoins rationnels. Ce qu'il faut donc aborder maintenant c'est la seconde partie du programme économique, celle qui concerne la répartition de la richesse. Le but à atteindre, tout le monde, je crois, l'admettra, c'est d'améliorer la condition des classes laborieuses, de façon que chacun jouisse d'un bien-être proportionné à la part qu'il a prise dans la production, ou pour résumer ceci en un mot, à réaliser dans le monde économique cette formule de la justice : A chacun suivant ses œuvres. Mais c'est principalement sur ce point que s'est produite récemment une division dans les rangs des économistes. Les uns, l'ancienne école que j'appellerai, faute d'un autre terme, l'école orthodoxe, croit que tout se règle par l'effet des lois naturelles. L'autre école, que ses adversaires ont nommé les Socialistes de la chaire, les “Katheder-socialisten,” et qu'on doit appeler plutôt l'école historique, ou comme disent les Allemands, l'école “réaliste,” cette école prétend que

la répartition est réglé en partie sans doute par le libre contrat, mais aussi et plus encore par les institutions civiles et politiques, par les croyances religieuses, par les sentiments moraux, par la coutume et les traditions historiques. Vous voyez qu'il s'ouvre ici un champ immense d'études comprenant les rapports de l'économie politique avec la morale, avec l'idée du juste, avec le droit, avec la religion, avec l'histoire, et la attachant à l'ensemble de la science sociale. Voilà, dans mon humble opinion, la mission actuelle de l'économie politique. C'est dans cette voie que sont entrés presque tous les économistes Allemands, dont plusieurs ont un nom européen, comme Rau, Roscher, Knies, Nasse, Schäffle, Schmoller; en Italie un groupe d'écrivains déjà connus aussi, Minghetti, Luzzati, Forti; en France, Wolowski, Lavergne, Passy, Courcelle-Seneuil, Leroy-Beaulieu; et en Angleterre des auteurs, que je n'ai pas à nommer ni à apprécier ici, attendu que vous les connaissez mieux que moi. J'ajouterai en terminant que ce qui est remarquable c'est que les deux écoles invoquent également l'autorité d'Adam Smith et, avec raison, d'après moi, car son ouvrage immortel est un exemple si parfait et si fécond en conséquences utiles de l'alliance des deux méthodes scientifiques — la méthode déductive et la méthode inductive, qu'on serait à certains égards presque tenté de souscrire à ce jugement récent d'un économiste américain, qui dit qu'après Shakspeare c'est Adam Smith qui fait le plus d'honneur à l'Angleterre.

Mr. THOROLD ROGERS: Mr. Gladstone—I shall venture to recall the attention of the Club to the subject which is particularly before us for debate to-night. The question is,—What are the contributions which Adam Smith has made to practical Political Economy, and what deficiencies in the application of his conclusions are to be found in the practice of the English nation at the present moment? Some of those topics have been commented on by the mover of this question with his customary ability and

clearness. At the same time, however, I cannot help saying that I was surprised to hear him speak of Adam Smith as a writer who possessed an eminently deductive mind. Unless I have wholly forgotten what I used to understand in logical terms, I should have concluded that of all writers on Political Economy he was the one man who least of all started from hypothetical theories, and therefore developed Political Economy from the depths of his own consciousness. On the contrary, he always appeals to facts, *i.e.* he framed inductions for the conclusions at which he arrived. There is, to my mind, nothing more significant than the difference of the process by which Adam Smith collected his inferences, and that by which his followers or commentators have arrived at theirs. Of this I am sure, that if they had adopted the principles on which he reasoned, we should have been saved a vast number of those fallacies which discredit our science, and have spent a great deal less of time which has been wasted in reading what the critics and commentators of Adam Smith have written.

For example, it has been said that Adam Smith fell into great errors on the subject of Rent, Value, and the Navigation Laws. He certainly excused the last of these, but on the plea that "defence was more important than assistance," *i.e.* on political, not on economical grounds. Again, Smith treated rent from an historical point of view, and from this point of view his inferences are unassailable. It is quite clear to those who have studied the history of rent, *i.e.* who have treated the topic inductively, that almost all the positions which have been taken up against Adam Smith's theory are in error. One of the most conspicuous instances of this error is the theory of rent ascribed to West, Anderson, and that eminent writer Mr. Ricardo, for the whole basis of this theory is an hypothesis. Forgetting the principle laid down by Sir Isaac Newton, "*Hypotheses non fingo*," these writers have evolved a very ingenious scheme out of their own imagination, and have therefore made

the whole subject excessively unreal. In proof of my statement I might refer to the protracted debate on the nature of rent, and the great amount of literature on the subject from the epoch of Ricardo's theory to the present day, and to the fact that the present situation of agricultural and other rent does not correspond to Ricardo's hypothesis. I am led to refer to this topic on the present occasion, because, as I believe, I am the latest Editor of Adam Smith's work, and because I think I did one service to Adam Smith in the edition which I have brought out for the University of Oxford. I verified all Smith's references, and have therefore been able to discover how extraordinarily wide was the reading from which he drew his inferences. It therefore seems clear to me that of all persons who have written on Political Economy, Adam Smith has a clear title to be called an Inductive Philosopher,—to be looked on, not as the speculative Bacon, but as the practical Bacon of Economical science. Considering that in his time there was so small a store of facts with which he could have worked, it is amazing that a thinker and writer should have been able, out of such scanty materials, to enunciate so large a number of important truths, and to take up such impregnable positions.

The mover of this question has dwelt on two of the subjects which engaged Smith's attention, and on which I venture on commenting to the Club to-night. He said that few parts of Adam Smith's work have been studied with less care than that which treats on Academical Endowments. The question is, to be sure, not easy to handle with any practical object. Many members of this Club will remember that very eminent economist, the late Mr. Senior. When this gentleman was once told by a foreigner that the great glory of England was the possession of India, he answered, On the contrary, the great difficulty of England is how to get rid of India. I will not say that Mr. Senior was in the right, but I am sure, that so far is it from being the

case that the great endowments of the English Universities are an advantage to the cause of learning, that the hope of any learning whatever in the future lies in getting rid of these endowments. In the absence of endowments, I have little doubt that the English Universities would, by the inherent energy of the English nation, become as distinguished in all departments of literature and science as those of the German nation are now. A hundred years ago the German nation was in possession of no such reputation, for, owing probably to the Thirty Years' War, there is no German literature, to speak of, more than a hundred years old.

The arguments which Adam Smith brought forward were derived from his experience of a six years' residence in Oxford. The facts which he witnessed remain the same, with no greater difference than might be expected from the general progress of society, because the causes remain the same, and I am perfectly convinced that as long as persons accept the hypothesis, that a result will probably be derived from circumstances which, in the nature of things, are obstacles to that result, nothing will ensue but perpetual disappointment. If I may venture on alluding to the policy of the Government in the Oxford University Bill, I cannot but anticipate that the object which the Government has before it will be frustrated. It intends, I make no doubt, to promote education and learning, but while it imagines that either one or the other will be aided by endowments, and therefore defends those reputed aids, it defends that which experience has proved to be indefensible. The Bill goes further: it purposes to adopt a new and still more mischievous policy when it contemplates under the name of the endowment of research to bestow the funds of the colleges on those who have never researched, for (I am speaking only of my own University, Oxford) the endowments of this University have not as yet served the purpose of producing any of that original literature which is, I presume, meant by research.

Again the Bill contemplates the continuance of that monopoly in teaching which was a scandal in Adam Smith's time, and is a scandal now. The Universities ought to be open as widely as possible, the independent teacher ought to be allowed every facility for his calling, and the results of his teaching ought to be tested in the most equitable manner possible. It is possible that a monopoly may be defended on its own special merits, but surely it ought not to be permitted in a University; especially when the possessors of that monopoly can not only discourage all rivals from attempting the manufacture, but can exclude them by constituting themselves the sole, or nearly the sole, examiners of their pupils, and therefore becoming the sole donors of academical distinctions. I would ask the members of the Club, many of whom may be familiar with the facts to which I refer, but who are not likely to be so well acquainted with them as some of us are who have been long and constantly resident in the Universities, whether it would not have been desirable to know a little more about what has been or is done by those who receive the endowments of the Universities, before proceeding to a fresh distribution of these funds among present recipients and future expectants. All that seems to be generally known is that the Colleges are wealthy. It is also generally known that there are many persons in the Universities who would have no objection to appropriate those endowments to new professors and new deputy professors. It is believed, but erroneously, that great benefits are conferred on learning by the endowments which have hitherto been distributed. But when the facts are investigated it will be found that the endowments have not encouraged learning, and that the positions and inferences given to the world a hundred years ago by Adam Smith have not lost their force, but, on the contrary, being interpreted by the light of modern experience, are even more significant than they were in the year when they were first promulgated. It is, as it was, a great

scandal to this country that the Universities do not contribute to the aggregate of those branches of science and literature with which the reputed studies of the place should make them familiar. I do not speak of practical research, for there are sufficient incentives to this kind of study in the market value of any discovery which has a price, but in that learning which forms the only justification of endowments—the learning which is of great service, but is not marketable. And I feel sure that one of the most suspicious features in the Oxford University Bill is the cordiality with which the Oxford residents have received it, for I never yet heard of a Parliamentary measure which dealt with great principles and created new interests, but which was received by those whom it concerned with a thankful unanimity, which was not radically mischievous.

I now go to the other point on which Mr. Lowe has touched, the question whether it would be possible to gather anything from the reasonings of Adam Smith which may enable us to disabuse the working classes of their prejudice in favour of Trades Unionism. Of course when Adam Smith wrote the working classes were effectually prevented from entering into such combinations. The working classes were under the ban of the law, and had been for four hundred years. “There are no Acts of Parliament,” says Adam Smith, “against combining to lower the price of work, but many against conspiring to raise it.” The Legislature prohibited the one and allowed the other. It did more; it assisted the employer in his natural desire to get labour cheap. For five hundred years the law enabled employers to fix the wages of labour, and it is not, I think, wonderful that when this law was repealed labourers believed that there must have been some meaning in such legislation, and for fifty years, perhaps vainly, have been striving to regulate their wages in their own interests. Everyone must be glad that fifty years ago the unwise and unfair laws which fixed wages in the employers’ interest were repealed; but I

need hardly tell this Club that the effect of unwise or unjust legislation is not immediately removed by the abolition of any law. If it were, human progress would be extremely rapid, and the hopes of those who contemplate the possibilities of human progress would be very speedily accomplished. Unfortunately, the working classes believe in the expedient which their employers adopted for five centuries, act upon their belief, and no doubt inflict some injury on society. But they are not responsible for their error. They owe this error to the past and present action of those who are more enlightened.

Adam Smith knew nothing of Trades Unions. He did contend against Protection and monopoly, but I should like to know how the protection which surrounds one English profession differs from that which Mr. Lowe has commented on, and which Adam Smith would probably have denounced if it had come under his observation. The regulations of the Bar are exactly the same in principle and detail as those by which a Trades Union—say for example the operatives in the building trade—try to protect their own interest. The first process by which the educated classes can disabuse working men of their prejudice in favour of Trades Unions is to abandon the practice themselves. The educated classes, who have studied Adam Smith, should show that they are willing to forego those expedients which they have adopted in order to protect their own calling before they can invite the less educated and less enlightened to abandon theirs. I venture on thinking that these points are worthy of consideration, and that we may, if we study Adam Smith more carefully, extend his researches on the principle which he adopted, and apply his tests to the facts and experience of our lives, be able to interpret the true grounds on which endowments may be conferred or distributed, and arrive at sound conclusions on the relations of capital and labour.

Mr. NEWMARCH: My Lords and Gentlemen,—On one of

the points mentioned by Mr. Lowe with respect to Political Economy in its relation to the future, I am sanguine enough to think that there will be what may be called a large negative development of Political Economy tending to produce an important and beneficial effect ; and that is, such a development of Political Economy as will reduce the functions of government within a smaller and smaller compass. The full development of the principles of Adam Smith has been in no small danger for some time past ; and one of the great dangers which now hangs over this country is that the wholesome spontaneous operation of human interests and human desires seems to be in course of rapid supersession by the erection of one Government department after another, by the setting up of one set of inspectors after another, and by the whole time of Parliament being taken up in attempting to do for the nation those very things which, if the teaching of the man whose name we are celebrating to-day is to bear any fruit at all, the nation can do much better for itself. I am speaking with as much severity as I may assume on this occasion, but it appears to me, and not only to me, but to those who have cultivated this science with the greatest success, that one of the most serious dangers which besets the application of the teachings of Adam Smith, is this incessant and endless interference of the Government in the affairs of the community. We are honoured to-night with the presence of noblemen and gentlemen who constituted the chief part of the last Government, and I venture to think that they will not dissent from the reasonableness of the complaint which I now, with all becoming humility, venture to make. Only last year a very large part of the time of both Houses of Parliament was consumed in discussing and passing a Bill—framed I have no doubt with the best intentions—to regulate the relations between landlord and tenant—that is, to regulate the relations between the occupiers and owners of land ; and it is now universally declared in both Houses of Parlia-

ment and out of them, that the measure is an entire and absolute failure, inasmuch as the classes to whom it was addressed, and for whose particular benefit it was designed, repudiate its adoption; and Parliament is reduced to the humiliating position of having spent a large part of an entire session in settling, as it was thought, a valuable measure of protection to the farmer, but a measure which is never allowed to go into operation, and turns out to be absolutely null and void. That measure, I say, was utterly alien to the whole spirit of the book of which we are speaking to-night.

I entirely accept and re-echo the statement made by Mr. Lowe, that amongst the most valuable chapters in the "*Wealth of Nations*" are exactly those which relate to education. I entirely accept the statement which Mr. Lowe made, that the teachings of Adam Smith, writing as he did a hundred years ago, are still far in advance of the sentiments commonly entertained at the present time. But the doctrines of Adam Smith regarding education are true to a much larger extent than as concerns the particular topic of academical education, to which he more especially addressed himself. What he says of the true methods of academical education is true, with but little modification, of popular education; and seeing opposite to me Mr. Forster, whose name is so honourably distinguished in connection with the promotion of elementary education, I cannot help declaring my belief that this country has entered upon a course, even as regards elementary education, which will not bear the test of the wholesome and logical application of those principles which Adam Smith has laid down. There is exceeding danger in a free and vigorous country like this in the unceasing and unmitigated application of this new system of interference, supervision, inspection, repression, revision, reporting, altering, directing, and recasting, which is now being applied by the whole force of Government machinery

to education of almost every kind, but especially to popular education. These, sir, are not the modes in which the spirit of a free people can be built up; and emphatically it is not the way in which the free and progressive spirit of this country has been made one of the mightiest powers in the world. The problem to be worked out by the governments of enlightened states is to discover the most effectual manner in which the free principles of the "Wealth of Nations" may be applied practically, in so simplifying the laws that every man and woman may be able to see and pursue their own true interest in their own way; and especially as regards the great body of the people, whose labour is practically their sole possession, that they may be taught to regard almost every function of the Government in which it assumes to offer advice or intervention regarding the best mode of applying that labour, or cultivating the talents and faculties which give a character and value to that labour—not as something to be sought and valued, but as something to be avoided and abated—as the leadership of a guide which cannot help being blind, and cannot possibly know and feel the most essential conditions of the case.

CHAIRMAN: My Lords and Gentlemen,—If I rise to address any remarks to you upon the present occasion, it is, I assure you, in deference to what I deem to be an official duty imposed upon me by the choice which has placed me in this chair, and not in the belief that I can add anything to the very valuable and interesting matter which has been laid before you from several quarters; and at this hour of the night, and in referring to one or two of the matters which have been mentioned to you, you may depend upon it that I shall endeavour not to trespass unduly upon your time. I am extremely glad that my right honourable friend Mr. Lowe, amongst other portions of his valuable speech, has called your attention to the comparatively neglected part of Adam Smith with regard to Endowments for Education. I will say nothing upon them at this moment,

because I do not conceive that details relating to that subject would be suitable to the occasion, but I will venture to express the hope that that matter will be very carefully, and I may hope even frequently examined in the ordinary meetings of the Club. I must also confess that very long observation, and my practice in public affairs, makes me from year to year more sensible of the objections to endowments, and less and less convinced of the countervailing advantages which they confer.

I will just say one word with respect to a remark of Mr. Newmarch, for the purpose of strengthening that remark. He has spoken of the marked tendency of the present day to what he thinks (and I confess I agree with him), is the very undue extension of the functions of Government. He quoted the Landlord and Tenant Act, or, as it is technically called, the Agricultural Holdings Act of last year in illustration of that doctrine, and he states that that Act is by general confession a failure. Now I only wish to add to what he has said one particular remark, which may appear to be in conflict, but which is really rather in corroboration; for the other night, when Lord Hartington had commented upon the failure of the Act with regard to its direct operation, the answer which was made on behalf of the Act (and I am bound to say I think made with considerable truth) was, that although the Act had had very little direct operation, yet that it had led to considerable improvements in a great number of cases of private agreements between landlord and tenant. There could not be a more singular illustration of the incapacity of the Government in such matters than that Parliament should spend many weeks in elaborate manipulation of the details of a measure of this kind, and that after all the real end, the valuable end—and I do not deny its value—but the real end and the valuable end which it is found by its authors to attain is, that it reminds individuals of their duties.

There are a great number of points which have been

opened in this discussion, and I will refer only to a very few of them. I am very glad that within these walls Mr. Norman, with the great authority which belongs to his age and experience as well as to his ability, has reminded the Club that wealth was not the highest of all objects. I feel the fundamental truth of his observation, and I am bound to say that I think there never was an age, and there never was a country, in which that observation requires so much to be enforced upon the minds and hearts of the people, as this age and this country in which we live. But within these walls, and as an apology for the Club, I would wish to point out that all observations with regard to the danger of wealth, and with regard to the necessity of warning men against its subtle and insidious perils, really refer to a very limited portion of the community, namely, to those who have a superfluity, and this must, after all, in the very nature of things, be a limited portion relatively to the mass of the community. On the other hand the reasonings and inquiries of this Club, and the reasonings and inquiries of Adam Smith, relate to the entire community; and I hold that the great glory of the science of which we may look upon him as the main founder is, not that it has made a number of rich men richer than they were before, or made men rich who formerly were poor, but that it has mastered the beneficial and blessed secret of mitigating the lot of those who were in hard and biting circumstances, and of giving comfort and even reasonable abundance, not to scores, or to hundreds, or to thousands, but to millions to whom before their outward life was a burthen.

I will also, gentlemen, venture to remind you of that which you know as well, or even better, than I do, namely that the operations of commerce are not confined to the material ends; that there is no more powerful agent in consolidating and in knitting together the amity of nations; and that the great moral purpose of the repression of human passions, and those lusts and appetites which are the great

cause of war, is in direct relation with the understanding and application of the science which you desire to propagate.

Mr. Lowe referred to a remarkable and singularly interesting illustration of the connection between the scientific researches of Adam Smith and the practical operations of Mr. Pitt. From Pitt he passed to Huskisson, and from Huskisson he passed to Sir Robert Peel. He dealt, at least after leaving Adam Smith himself, exclusively with official persons. Of course our regard cannot be confined to these. Scientific men, and not only scientific men, but popular leaders, have also had, and are having, sometimes at the greatest crises, a paramount as well as a determinate share in bringing about those benefits. But you have had a series of ministers who have done service, and there is, I think, one gap in the list which I wish to supply; I wish to call to memory the name of Lord Althorp. I fully concur in every eulogy bestowed upon Mr. Huskisson. Nay more, I think it is those who commenced this work in days of difficulty and discouragement that deserve a larger share of credit than those who put the last hand to the building in days when already a triumphant influence has been acquired. But the case of Lord Althorp was a very remarkable one; for, in the midst of enormous difficulties, in the midst of anxieties almost unparalleled in the combination at the time both of domestic and of foreign affairs, Lord Althorp, as a minister, never lost an opportunity either of teaching or of promoting by practical illustrations those principles of Free Trade which no extended scientific research, but his strong native good sense and sagacity, had deeply implanted in his mind. His name is a name which I am glad to think has within these last few days, by the publication of a valuable work, been brought anew to the grateful recollection of his countrymen, and I am sure that it is also one deserving of being remembered by all within the walls of the Political Economy Club.

I am very glad to take this occasion of confirming in an

emphatic manner what has been said by my right honourable friend Mr. Lowe in respect to the Treaty of 1860. That treaty was in the first instance the work of Mr. Cobden, and after Mr. Cobden, beyond all question, entirely apart from all political propensities, sympathetic or antipathetic, next to Mr. Cobden stands the name of the Emperor Louis Napoleon, to whom we are indebted for the conclusion of that treaty. But along with what truly belonged to the motives of that treaty there has adhered to it a great mass of popular prejudice. It has been supposed by many, and even by many of those who are not unfavourable to it, that the proposal indicated an abandonment of the great doctrine which had at the date of that treaty been thoroughly established in Political Economy, that commercial treaties were not the proper or the normal method of prosecuting the great enterprise of liberation. I may venture to say, as I was the link between the British Government at the time, and the operations in France which resulted in the formation of that treaty, that there was not the smallest foundation for that idea, and that all those who were responsible for the treaty were firm adherents of the doctrine that treaties are neither desirable methods, nor even as a general rule, I will go so far as to say, legitimate methods, for the prosecution of those objects. The case was one entirely peculiar, and it never could be understood if it was supposed that the aim of that treaty was confined to the exchange of commercial benefits between England and France. No doubt that was a very great aim of the measure; and it was an aim all the greater because it brought in its train an exchange of friendly feelings at a moment when those feelings were placed in great peril. But there was another motive which predominated over all others, I think, in the formation of the treaty, namely this. Upon our own conversion to Free Trade we had found for twenty years, as far as from about the date of 1840 to 1860, that all our arguments were

ascribed to our insular position, and that we could not win the nations of the Continent generally to believe in our sincerity. They contended that we had served our own purposes by protection, and that having thus served our own purposes we then proceeded to dispense with it, as a man takes down the scaffolding by means of which he has erected a building. We wanted authority from the Continent of Europe to propagate practically the doctrines of Free Trade. We found that we were not believed or trusted on the subject, and we believed—and to a very great extent I think the event justified our belief—that the example of France, situated as she was in a position more substantially analogous to that of the other countries of Europe, would carry an influence amongst those countries, and would exercise a power in the direction of Free Trade, which it would be impossible by any other means to put forth. That really was a dominant consideration, and I think I speak with substantial accuracy in saying that it was from 1860 onwards that a rather general, though an incomplete movement towards Free Trade began in the legislation of the States of Europe, and I believe it was the example and authority of France, who has been the mistress and the leader of civilisation on the Continent of Europe in so many particulars, which led to that beneficial result.

I think there is only one other point upon which I would say a word; that is, with respect to the future. My right honourable friend, Mr. Lowe, has taken what some might think a desponding view of the functions of the science of Political Economy in the future. I think that I could turn this Society to many uses to which I am afraid it is not likely to be turned. In France there is a system, which in some respects is highly beneficial, of distributing the business amongst Bureaux of the Legislature, in a degree greater than that in which we attempt to practise it; and if we could only prevail upon the House of

Commons to make this Society one of those Bureaux for the disposal of a considerable number of not unimportant questions, my opinion is that they would be decided here with greater facility, and with much greater advantage, than they are sometimes decided in that House, as at present constituted. But, however that may be, I am bound to say that this Society has still got its work before it, and if on this day one hundred years there shall be, as I hope there will be, an enlightened and enthusiastic meeting of its members and their friends, they will have abundant matter to record, as having filled a chapter of their annals during the interval from this time to that. I do not mean to say that there is a great deal remaining to be done here in the way of direct legislation, yet there is something. It appears at least to me, that perhaps the question of the currency is one in which we are still, I think, in a backward condition; our legislation having been confined in the main to averting great evils rather than to establishing a system which, besides being sound, would be complete and logical. With that exception perhaps not much remains in the province of direct legislation. But, undoubtedly, there is for you in the first place, I think, the duty to which Mr. Newmarch has referred, namely, the duty of propagating opinions which shall have the effect of confining government within its proper province, and preventing it from all manner of aggressions and intrusions upon the province of the free agency of the individual. The danger of that part of the subject is, that almost every one of those propositions, bad and rotten as they may be, is popular at the outset. It is very difficult to cite any of them which have not that dangerous characteristic; but the propagation of sound opinions in a society of this kind, among men every one of whom becomes in his turn a centre of thought and of influence, may do much to check this mischief. This influence may produce an amount of influence upon the action of legislatures that it would seem very paradoxical

indeed to state *a priori* that it could exert, as we may judge by watching the exact result of influences of that kind which are recorded by our experience and by history.

Then, again, look at the state of opinion amongst the working classes. I think that we have no right to complain, or, at any rate, to wonder that the working classes, who had been so long controlled by those who are commonly called their betters in respect to the regulation of wages, are now too much disposed to establish artificial and mischievous regulations for themselves. And I further think it is a primary duty to observe this distinction between the working classes and other classes, that whereas the sins of other classes are almost entirely in the interests of their class against the rest of the entire community, the sins of the working class, many as I grant they may be, are almost entirely against themselves. All those regulations about equalising work, about the repression of the labour of women, the repression of the labour of children, the discouragement of piece-work; all these things, I do not deny, are injurious to society at large (of course they are injurious to society at large), but they are worse, and by far their severest operation is against the labouring classes themselves; and it is even a sort of distinction that the vices of that class of men, as a class, are less selfish and more excusable than the vices of other classes of the community.

Now there is one other point still in relation to the future, and that is with regard to the question of war. Has it been sufficiently considered what was the influence of the great revolutionary war upon the principles of Political Economy? Mr. Lowe carried us from Adam Smith to Mr. Pitt. If we proceed from the earlier part of the career of Mr. Pitt, the happy part of it, to the latter, the unhappy part of it, we find the latter portion not only not a development of the earlier, but in absolute contradiction with it; and that not because Mr. Pitt changed his opinions, not because his mind

was darkened, but because he came under the dominion of circumstances which it was impossible for him to resist. We see that war is adverse to the propagation of sound principles of economy for many reasons. It draws off men's minds and energies in other directions. It makes them perfectly reckless and indifferent with respect to the public expenditure. But there is another reason, and it is this—the pecuniary necessities of the case. After free trade has ripened, and when you get into the extremity of war, I am not about to deny that upon the principles of Political Economy, logically applied, war ought to have no effect whatever upon our system of taxation; at all events it ought to have no effect whatever leading in the direction of protective duties; but we see what has happened, and we may confidently anticipate what will happen. Mr. Pitt was one of the best and sincerest and most enlightened champions of Free Trade, but he was not able to withstand the influence of the war which was forced upon him, and as it was prolonged and as its necessities grew more and more imperious, it resulted in his extending Protection, so that the hands and limbs of the people of England were at the close bound in iron fetters, so that any movement of them became hardly possible. The same thing might happen again. I trust that no such war is probable. I do not say it is impossible, but rely upon it, it is not merely upon the general grounds of philanthropy, it is not merely upon the grounds of the tendency to extravagance which war induces (in whatever degree war may be a necessary evil, or whether, as some people think, under certain circumstances it is a great good, I do not now inquire), but it is directly adverse to the principles of the Club. In proportion as you are sound political economists you ought to desire the prosperity and permanence of your own principles, and the retention of that place in legislation which they have happily acquired. As economists you are bound to renounce all disposition to unnecessary war, to wanton war, and to frivolous war; and what a proportion of the wars

of history, I need not ask you, have been either wanton or unnecessary or frivolous. We, as a club, must desire that no such war shall hereafter stain our annals, but that the legitimate energy and power of our principles shall be vindicated as in all that which relates directly to legislation affecting commerce and wealth, so likewise in all that touches those great questions of the policy of the nation which, by giving or by withholding scope for human enterprise and industry, are indirectly yet most effectually either the allies or else the deadly foes of our designs.

I will not longer trespass upon your attention. I will only conclude what has been said by taking upon myself to return, in the name of the Club, our special thanks to the distinguished person—the representative of a distinguished name, and himself well worthy of his name—who sits upon my right. It was impossible for him to pay either a higher or a more acceptable compliment to those assembled within these walls—ay, and to many thousands who are now beyond them—than that which he has paid to-night by sparing some of his valuable time from the oppressive cares of his department, and from the debates in the French Chamber now in session,—it was impossible for him to pay us a more significant or a more appropriate compliment. I may venture also to assure him that it was impossible for him to pay us a compliment which would be more warmly and gratefully received.

MR. W. E. FORSTER: My Lords and Gentlemen,—I had not the remotest intention of troubling this meeting with any words of mine; but what has fallen from my friend Mr. Newmarch makes me rather inclined to say a word or two. I cannot help feeling that I may be rather in a minority. I said to my right honourable friend Mr. Lowe, last night, when he said he was coming to this meeting, “I suppose in order to get a good discussion we shall have an *advocatus diaboli*.” I am not at all sure that I shall not turn out to be that individual. I confess that I am not entirely of

opinion, or rather I may acknowledge that I am strongly of the contrary opinion, that we cannot undertake the *laissez faire* principle in the present condition of our politics or of parties in Parliament, or in the general condition of the country. I gather from Mr. Newmarch's remarks that he is an advocate of the old *laissez faire* principle. Well, if we were all Mr. Newmarches, if we had nothing to deal with in the country but men like ourselves, we might do this. But we have to deal with weak people; we have to deal with people who have themselves to deal with strong people, who are borne down, who are tempted, who are unfortunate in their circumstances of life, and who will say to us, and say to us with great truth; What is your use as a Parliament if you cannot help us in our weakness and against those who are too strong for us? Now, I really believe that therein lies the great dispute between those who adopt the old *laissez faire* principle and who think that there is too much interference with the social and individual affairs of men, and those who take the contrary view. I think that our President, than for whom I have no greater respect for any man living, rather considered that we were interfering a little too much with the freedom of individuals. The question is, are we doing so? Are we doing it a whit more than the country is expecting us to do? There was rather a curious instance brought forward—that of the Landlord and Tenant Bill. I am by no means quoting the Landlord and Tenant Bill as a case to prove the advantage of interference, but I must say that our President's remarks about that Bill make by far the best case that I have heard for it. He stated that he thought the result might be that it would be a good example, which might be followed by landlords generally. Well, I may be supposed to be taking rather a prejudiced view, but I did not know that Parliament this year or last year had done anything quite so good as that, and if we have given a good example to landlords generally I can only say

that that is a much better result than I had supposed we should have got from the present constitution of Parliament.

Then my friend Mr. Newmarch made one or two remarks about a matter with which I had a good deal to do. I should be very sorry if this Club, which I take to be the representative of hard intellectual thought upon social and politico-economical questions generally, came to the conclusion (because they could not come to that conclusion without influencing others) that endowment for education must necessarily be a bad thing. I think that many endowments have done a good deal of harm, but I think that many have also done a great deal of good. I am not at all sure, even with all the abuses that we have of endowments before us at this moment, that the balance is not still in favour of endowments. But, putting that aside, I think it would be a very serious thing for us to come forward and say that we will discourage men from giving their money for educational purposes for the future. It seems to me that all that liberal-minded people have got to do is to get the best advice at the time that they make the endowment, and to take care that there is such an arrangement in their trust that in a certain number of years it may be reconsidered according to the public opinion of the day. That is all that is required, and I do not know that even that is required, because my impression is that it will be done whether you do it or not; but at any rate I should be exceedingly sorry that people should be discouraged from making that kind of endowment; I should like to think that even those gentlemen who have come most in contact with my friend Mr. Lowe, are willing still to make very large endowments for education in the trust that in the future those endowments will not be misused.

Now, then, we come to the question of popular education. I rather gather from what Mr. Newmarch says, that he thinks that we had better leave the thing alone; that we had

better trust to the natural inducements which bear upon parents to get their children educated. Well, what would become of us if we were to do so? We cannot attempt to govern this country, or to govern its affairs, in that way. It is supposing that the country is a congregation of the members of this Political Economy Club. But many inhabitants of the country, I am sorry to say, are very unfortunate. They are very poor, they are very needy, and they require help; and, depend upon it, they expect, and the other inhabitants of the country expect, that we should do our duty to them, and that we should help them out of their weak position as we best can. Well, now, we come here and we discuss these subjects in our Political Club. I have but very little right to speak upon this point, because although I was elected a member a year or two ago, I have neglected my privileges, and have not come as often as I could have wished to its deliberations; but I confess that I think it would be impossible to over-rate the advantages which a study of the laws of Political Economy has given to the world; but also, I think, it would be impossible to over-rate the disadvantages of supposing that men are governed solely by its laws. They are governed by something perfectly distinct from its laws. There is no doubt that by Political Economy you can determine exactly how a country or an individual can become wealthy, what he ought to do and what he ought not to do in order to become wealthy. But the same rule applies to nations as applies to individuals; and, as was stated by Mr. Lowe, the great object of a man is not, it never has been, and I do not believe it ever is, really and simply to become rich. You have to consider that a nation is guided by impulses and by feelings perfectly distinct from the desire to become rich, and that in enforcing the laws of Political Economy and declaring what are the enormous disadvantages which arise from their disobedience, you have to remember the impulses and feelings as well as the duties of the people of

the country to whom you are speaking. And remember this, that it is not unfrequently the case that a country would be doing the right thing by transgressing a law of Political Economy; and if it does the right thing by so doing, it not only does its duty, but it increases its force for actual obedience to Political Economy, because men are more likely to become wealthy and to become prosperous from the very fact that they have disobeyed that law. I will not quote it as an exact instance, for it is not an exact instance; but take an instance which must have occurred to us all. We have one or two most distinguished French gentlemen present. What could there be more extraordinary in the history of the present time than what has happened in France, except the fact that the people of France rose up against an invader with a courage and a spirit against a disciplined army, which hardly any country ever did before? There is no other more extraordinary fact than the actual way in which France has been these last years—I may say till now—more prosperous than any other country. Nobody can say that the laws of Political Economy were observed in the war that France undertook. It has been perfectly different impulses, and perfectly different feelings, that have contributed to make France so prosperous as she is now. It is quite true, as my friend Mr. Lowe said, that the doctrine of wealth may be brought down to work and thrift. And you might have got that out of the Book of Proverbs; you did not want Adam Smith to tell you that. It is a very old story that work and thrift will produce that result. We have known that from the beginning, ever since anybody has written about any department of social duty. All that I need to say is that, whilst nothing can be more important than that we should tell the world what are the laws which have to be observed in regard to the production of wealth, nothing could be more unfortunate than that we should suppose that the world generally ought to act simply and

solely in order to render obedience to those laws, or that it will do so.

MR. COURTNEY: Mr. Gladstone,—I have no desire to prolong the discussion which the members of the Club no doubt desire to see closed, but there is one or at the most two observations which I should like to make, and, if you will allow me to make them, they shall be very brief indeed.

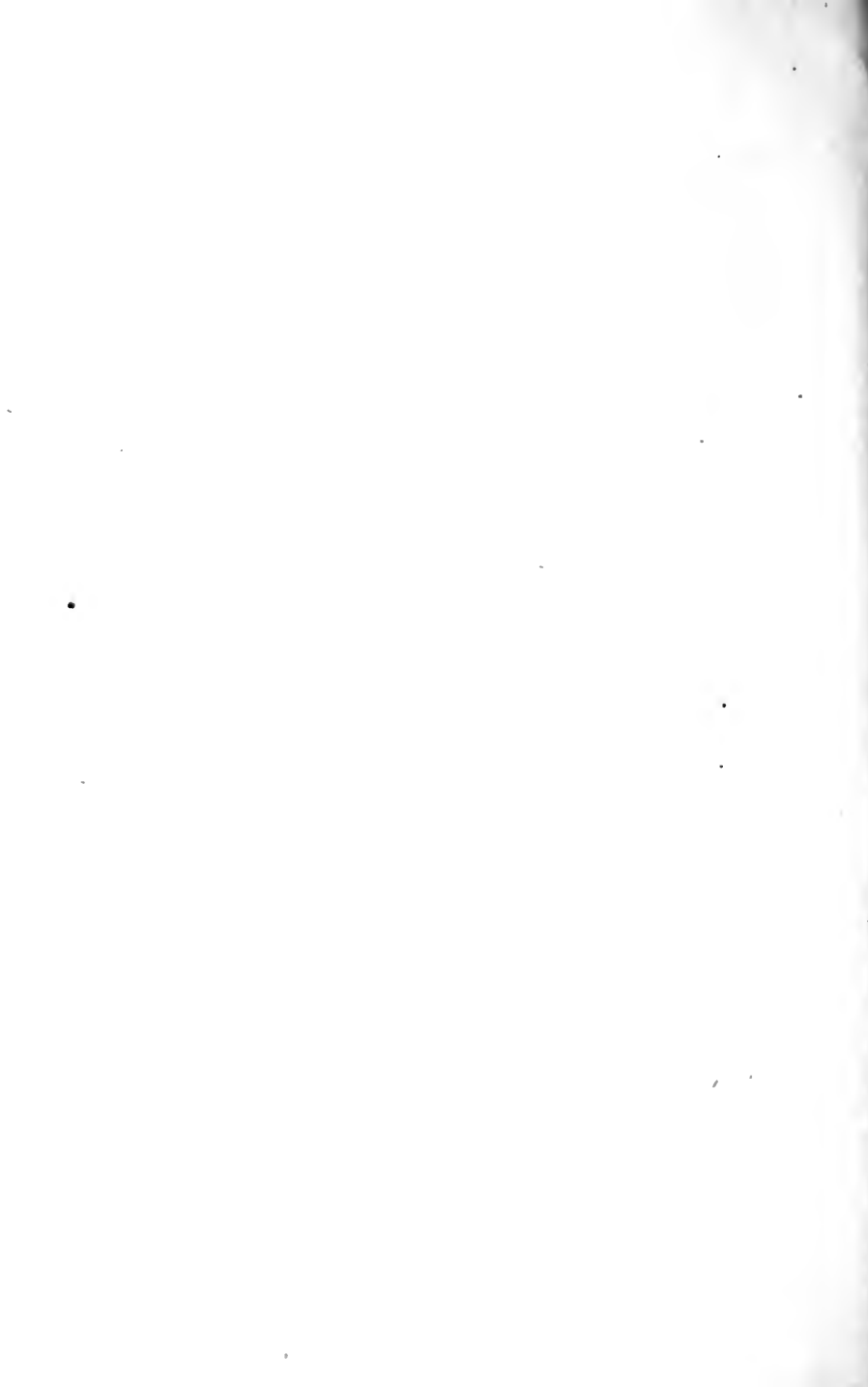
In the first place with respect to the question of the suppression of endowments for education; that is a very big question, because it involves the question, what is to become of the very large endowments for the propagation of religious beliefs which are only a special class of endowments for the sake of education? For if we suppress the major, we of course suppress the minor, which is included in it.

But the second point which I am more desirous to direct attention to is this: Mr. Newmarch has called attention to what he considers to be an increasing evil amongst us, viz. the extent of interference with private relations which the Government of the day is disposed to take; and he cited the example of the Agricultural Holdings Act of last year, which I understood you, sir, to say, did nothing more than this, that it recommended people to do their duty.

CHAIRMAN: That was the defence given by the Government.

MR. COURTNEY: The greater part of the law of the land has the object of compelling people to do their duty, and my quarrel with that Act would be simply this, that it merely recommended people to do their duty, whereas it ought to have compelled them to do their duty. That is a point which I do not wish to argue now, but I wish to make this statement, that it is not to be understood that the members of this Club think that that Act was an overstepping of the proper sphere of legislative action. I think if we may look forward to a meeting of this Club a hundred years hence—for I hope the meetings of this Club will be so

long continued—it may then be cited as an instance of the advance that a hundred years had made in the opinion of the generation, that the people of that day had shaken themselves free from the superstitious notions which prevailed a hundred years back, as to the limits of the power of the Legislation to interfere with land. I should not wish it to go forth now that we are all of opinion that the Government of the country has stepped outside its proper sphere of action in interfering to regulate the relations between landlord and tenant. My own opinion, which I do not desire to support by argument, because it is quite too late, is, that that is a proper part of the sphere of Government. I am strongly impressed with the faith that a hundred years hence the opinion of that day will have advanced beyond us in declaring that to be a proper part of the sphere of Government, and I do not wish it to be understood that this Club are now unanimous in thinking that it is not so.



APPENDICES.

(A.)

Merchants' Petition of 1820 in favour of Free Trade—Members of the Club at its formation in 1821.

THE Political Economy Club was founded in London in the year 1821, chiefly by the exertions of the late Thomas Tooke, F.R.S., (who died February 1858, aged 84) and as a consequence of the discussions which arose out of the interest excited by the presentation on 8th May, 1820, in the House of Commons, by Mr. Alexander Baring (afterwards Lord Ashburnham), one of the members for the City, of the famous Petition of the Merchants of London in favour of Free Trade—a document of which Mr. Tooke was the author.

As the presentation of this Petition marks a distinct era of the progress of Political Economy in this country, and the Petition itself is not readily accessible, it is here reprinted as an appendix not inappropriate to the Centenary of the “Wealth of Nations:”—

May 8, 1820.

To the Honourable the House of Commons of the United Kingdom of Great Britain and Ireland.

“The Humble Petition of the undersigned Merchants of the City of London, sheweth,

“That Foreign Commerce is eminently conducive to the wealth and prosperity of a country, by enabling it to Import the Commodities for the production of which the soil, climate, capital, and industry of other countries are best calculated; and to Export, in payment, those articles for which its own situation is better adapted.

“That Freedom from Restraint is calculated to give the utmost extension to Foreign Trade, and the best direction to the Capital and Industry of the country

“That the maxim of buying in the Cheapest Market, and selling in the Dearest, which regulates every merchant in his individual dealings, is strictly applicable as the best rule for the trade of the whole Nation.

“That a policy founded on these principles would render the Commerce of the World an interchange of mutual advantages, and diffuse an increase of wealth and enjoyments among the inhabitants of each State.

“That, unfortunately, a policy the very reverse of this has been, and is, more or less, adopted and acted upon by the Government of this and of every other country, each trying to exclude the productions of other countries, with the specious and well-meant design of encouraging its own productions; thus inflicting on the bulk of its subjects, who are Consumers, the necessity of submitting to privations in the quantity or quality of commodities, and thus rendering what ought to be the source of mutual benefit and of harmony among States, a constantly recurring occasion of jealousy and hostility.

“That the prevailing prejudices in favour of the Protective or Restrictive System may be traced to the erroneous supposition that every importation of foreign commodities occasions a diminution or discouragement of our own productions to the same extent: whereas it may be clearly shown that although the particular description of production which could not stand against unrestrained foreign competition would be discouraged, yet as no importation could be continued for any length of time without a corresponding Exportation, direct or indirect, there would be an encouragement, for the purpose of that exportation, of some other production to which our situation might be better suited; thus affording at least an equal, and probably a greater, and certainly a more beneficial, employment to our own Capital and Labour.

“That of the numerous Protective and Prohibitory Duties of our commercial codes, it may be proved, that while all operate as a very heavy tax on the community at large, very few are of any ultimate benefit to the classes in whose favour they were originally instituted; and none to the extent of the loss occasioned by them to other classes.

“That, among the other evils of the Restrictive or Protective System, not the least is, that the artificial protection of one branch of industry, or source of production, against foreign competition, is set up as a ground of claim by other branches for similar protection; so that, if the reasoning upon which these restrictive or prohibitory regulations are founded were followed out consistently, it would not stop short of excluding us from all foreign commerce whatsoever. And the same

train of argument, which with corresponding prohibitions and protective duties should exclude us from Foreign Trade, might be brought forward to justify the re-enactment of restrictions upon the interchange of productions (unconnected with public revenue) among the kingdoms composing the Union, or among the counties of the same kingdom.

“ That an investigation of the effects of the Restrictive System, at this time, is peculiarly called for, as it may, in the opinion of your Petitioners, lead to a strong presumption that the distress which now so generally prevails is considerably aggravated by that system; and that some relief may be obtained by the earliest practicable removal of such of the restraints as may be shown to be most injurious to the capital and industry of the community, and to be attended with no compensating benefit to the public revenue.

“ That a declaration against the anti-commercial principles of our Restrictive System is of the more importance at the present juncture, inasmuch as, in several instances of recent occurrence, the merchants and manufacturers in foreign States have assailed their respective governments with applications for further protective or prohibitory duties and regulations, urging the example and authority of this country, against which they are almost exclusively directed, as a sanction for the policy of such measures. And certainly, if the reasoning upon which our restrictions have been defended is worth anything, it will apply in behalf of the regulations of foreign States against us. They insist upon our superiority in capital and machinery; as we do upon their comparative exemption from taxation; and with equal foundation.

“ That nothing would more tend to counteract the commercial hostility of foreign States than the adoption of a more enlightened and more conciliatory policy on the part of this country.

“ That although, as a matter of mere Diplomacy, it may sometimes answer to hold out the removal of particular prohibitions, or high duties, as depending upon corresponding concessions by other States in our favour, it does not follow that we should maintain our restrictions in cases where the desired concessions on their part cannot be obtained. Our restrictions would not be the less prejudicial to our own capital and industry, because other Governments persisted in preserving impolitic regulations.

“ That, upon the whole, the most liberal would prove to be the most politic course on such occasions.

“ That, independent of the direct benefit to be derived by this country

on every occasion of such concession or relaxation, a great incidental object would be gained by the recognition of a sound principle or standard, to which all subsequent arrangements might be referred, and by the salutary influence which a promulgation of such just views by the Legislature, and by the Nation at large, could not fail to have on the policy of other States,

"That in thus declaring, as your Petitioners do, their conviction of the impolicy and injustice of the Restrictive System, and in desiring every practicable relaxation of it, they have in view only such parts of it as are not connected, or are only subordinately so, with the Public Revenue. As long as the necessity for the present amount of Revenue subsists, your Petitioners cannot expect so important a branch of it as the Customs to be given up, nor to be materially diminished, unless some substitute less objectionable be suggested. But it is against every Restrictive Regulation of trade, not essential to the Revenue—against all duties merely Protective from Foreign competition—and against the excess of such duties as are partly for the purpose of revenue, and partly for that of protection—that the prayer of the present Petition is respectfully submitted to the wisdom of Parliament.

"Your Petitioners therefore humbly pray that your Honourable House will be pleased to take the subject into consideration, and to adopt such measures as may be calculated to give greater freedom to Foreign Commerce, and thereby to increase the resources of the State."

The original Members of the Club at its foundation in 1821 were—

George Basevi.	W. L. Maberley.	Edward Simson.
G. Brown.	Zachary Macaulay.	R. Simpson.
J. Cazenove.	J. L. Mallet.	John Abel Smith.
Walter Coulson.	Robert Malthus.	Thomas Tooke.
John W. Cowell.	James Mill.	Robert Torrens.
W. K. Douglas.	F. Mitchell.	Henry Warburton.
Henry Entwistle.	Robert Mushet.	
George Grote.	George W. Norman.	ELECTED 1823-4.
Swinton C. Holland.	Sir Hy. Parnell.	N. W. Senior.
Sir G. G. de H. Larpent.	Alexander Prevost.	Lord Althorp.
Sir J. G. S. Lefevre.	Charles Prinsep.	Moses Ricardo.
George Lyall.	David Ricardo.	W. W. Whitmore.

(B.)

Members of the Club in 1876, and Visitors at Dinner of 31st May, 1876.

The Members of the Club in April, 1876, were (arranged according to date of election) as follows—

1821	George W. Norman.	1867	W. R. Greg.
1834	Edwin Chadwick, C.B.	1869	Leonard H. Courtney.
1847	William T. Thornton, C.B.	„	Sir R. R. Torrens.
1850	Rt. Hon. John G. Hubbard, M.P.	„	Sir C. W. Dilke, Bt., M.P.
1852	Wm. Newmarch, F.R.S.	1870	Sir Louis Mallet, C.B.
1855	Sir George W. Bramwell.	1871	G. J. Shaw Lefevre, M.P.
„	Thomson Hankey, M.P.	1872	John Morley.
1858	Charles Morrison.	1873	William Fowler.
1859.	Sir John M. Macleod.	1874	W. P. Pattison.
1860	Sir Henry Thring, K.C.B.	„	Hugh McCulloch.
1862	Hon. E. F. Leveson- Gower, M.P.	„	J. F. McLennan.
1863	Sir Ed. W. Watkin, M.P.	„	Sir Wm. Harcourt, M.P.
1864	Walter Bagehot.	„	A. J. Mundella, M.P.
„	T. H. Farrer.	„	R. E. Welby, C.B.
1865	Thomas Hare.	„	Frederic Harrison.
1866	<i>Earl of Dufferin.</i>	1876	Rt. Hon. H. Childers, M.P.
1867	Lord F. Cavendish, M.P.	„	Henry R. Grenfell.
„	Sir J. Lubbock, Bt., M.P.	„	Major-Gen. Marriott.

The Club is limited to Thirty-five Members. Lord Dufferin is an extra Member while serving abroad.

HONORARY MEMBERS:—

under the rule that Members of the Club becoming Cabinet Ministers thereupon become Honorary Members.

Rt. Hon. W. E. Forster, M.P.	Earl Granville.
Rt. Hon. W. E. Gladstone, M.P.	Earl of Kimberley.
Rt. Hon. G. J. Goschen, M.P.	Rt. Hon. Robert Lowe, M.P.
Earl Grey.	Rt. Hon. Chas. P. Villiers, M.P.

Lord Overstone is also an Honorary Member.

The Club may elect six Honorary Members from the Incumbents for the time being of the following *Professorships of Political Economy*. viz.:—

In University of Oxford.
„ Cambridge.

In University of Edinburgh.
„ Coll., London.

Economic Science and Statistics, King's Coll., Lond.—Tooke foundation
 Political Economy, Trinity Coll., Dublin.—Whately foundation.

„ Queen's Coll., Belfast.
 „ Queen's Coll., Cork.
 „ Queen's Coll., Galway.
 „ Owen's Coll., Manchester.

The present names on the list of Honorary Members under this arrangement are :—

Bonamy Price, Oxford.	T. E. C. Leslie, Queen's Coll., Belfast.
Henry Fawcett, M.P., Cam- bridge.	W. B. Hodgson, Edinburgh.
J. E. T. Rogers, King's Coll., London.	W. S. Jevons, Owen's College, Manchester.

The Members of the Committee of the Club are Mr. Edwin Chadwick, C.B.; Mr. Newmarch, Treasurer (67, Lombard Street); and Mr. Courtney, Hon. Sec. (Chapel Stairs, Lincoln's Inn, W.C.)

The Meetings of the Club (preceded by Dinner, at 6.30 punctually), are held at Willis's Rooms, King Street, St. James's, on the First Fridays of the months of December, February, March, April, May, June, and July.

THE VISITORS

at the Dinner of 31st May, 1876 :—

Duke of Argyll.	W. Fawcett.
Lord Acton.	Jno. Fleming.
Earl of Airlie.	H. S. Foxwell, M.A.
Edmund Ashworth.	J. Anthony Froude.
Henry Ashworth.	Charles Gairdner.
Edmund Backhouse, M.P.	Dr. Gairdner.
Professor Beesly.	M. Gavard.
Edward R. Blyth.	Henry Hucks Gibbs.
F. Bramwell, F.R.S.	William B. Gurdon.
Hon. Geo. Brodrick.	Arch. Hamilton.
Viscount Cardwell.	Rev. E. Hatch.
Ed. Cazalet.	F. Herschell, Q.C., M.P.
W. Coddington.	Frank H. Hill.
M. W. Collet.	William Jack, LL.D.
James Cropper.	T. Johnson.
Horace Davey, Q.C.	John Lambert, C.B.
Grant Duff, M.P.	M. Emile de Laveleye.
John Dun.	Robert Leader.
The Minister of Finance of France (M. Léon Say).	R. R. W. Lingens.
	C. B. Maclaren.

W. Macpherson.
 Lord Napier and Ettrick.
 W. Thos. Newmarch.
 C. L. Norman.
 F. H. Norman.
 Arthur Peel, M.P.
 H. D. Pochin.
 Edmund Potter.
 T. B. Potter.
 Hy. Rawson.
 Lord Ramsay.
 A. Robinson.

J. R. Robinson.
 Chev. Scherzer.
 Fred. Seebohm.
 Professor H. J. Smith.
 J. Eustace Smith, M.P.
 William Stebbing.
 Theodore Walrond, C.B.
 Algernon E. West.
 Sir Joseph Whitworth.
 Edward Wilson.
 Richd. Withers.
 Walter Wren.

(C.)

Questions on Paper of the Club, 1876.

The following Questions stood on the Paper of the Club in April, 1876, for discussion at future meetings:—

1. Are Import Duties, levied for the purpose of encouraging home manufactures and productions, inconsistent, under all circumstances, with the best interests of the Country levying such duties, and with the teachings of Political Economy? Mr. Hugh McCulloch.
2. What is the cause of the reduction in the value of Silver, and what action (if any) should be adopted by the Government in India or generally in consequence of it? Mr. Courtney.
3. Are there any valid economic reasons why, in such a state of society as prevails in the greater part of British India, the law should give to the patrimonial inheritances of small proprietors an immunity from being charged or sold to meet the debts of life occupiers? Mr. Courtney.
4. Are there any objections, on purely economic grounds, to certain recent schemes for improving the material condition of the Agricultural Labourer? Mr. Morley.
5. Is the English law right which does not compel parents to support their children (apart from the Poor Law obligation), or to provide for them out of any fortune of which they may die possessed? Mr. Lefevre.
6. Under what circumstances, if any, should breaches of contract become the subject of the criminal laws? Sir Henry Thring.

7. Whether the resumption of the use of £1 Bank notes would not be attended with much convenience and profit, without any resulting inconvenience of serious importance. Mr. Fowler.
8. Is it expedient to adopt any legislative measures in order to promote the economical expenditure of British Coal, or to repress its consumption? Mr. Jevons.
9. Under the present system of Railway management, is there any security that Passengers and Goods will be carried at charges as low as is consistent with fair and liberal profit to the Shareholders; and if not, can any means be adopted for providing such security? Mr. Farrer.
10. Is it justifiable, and if justifiable is it practicable, to interfere with freedom of contract between the Shipowner on the one hand, and the Underwriter or Shipper of Cargo on the other, for the purpose of preventing danger to human life and loss of property to the community? Mr. Farrer.
11. What is the relation of value to utility and labour? Mr. Jevons.
12. In what departments of Political Economy may it be safely considered that certain propositions of universal application have been discovered and established; and in modification of which local and special causes cannot be urged? Mr. Newmarch.
13. In the present condition of Passengers' and Goods' Traffic by land and sea, will proper service and accommodation be secured to the public by leaving Railway Companies and Shipowners free to impose such conditions as to time, safe delivery, &c., as they think fit, leaving it open to the public to decline the service if they dislike the conditions? Mr. Farrer.
14. What may be considered as the probable effects upon the Industry of this country, and the Distribution of Wealth within it, of the Legislative measures which placed the total amount of the Land Tax at a fixed sum, and authorised the redemption of that sum? Sir E. W. Watkin.
15. Is it desirable that the conditions of the suspension of the Bank Charter Act of 1844 should be prescribed by statute, and if so, what conditions should be prescribed by Parliament? Mr. Courtney.
16. In what form, if at all, can the principle of a Sinking Fund be applied to the Public Debt of this country? Mr. Newmarch.
17. What are the principles which should govern the action of the State in dealing with Waste Lands? Sir Charles Dilke.

18. What are the circumstances, if any, which in this country would justify the State or Municipal Authorities in providing or contributing to the cost of Improved Dwellings for the Poorer Classes?
Mr. Newmarch.
19. Is there any justification on economic grounds for the present Law of Distraint for Rent in England, and of Hypothec in Scotland, under which the landlord obtains practically a preference over other creditors?
Mr. Newmarch.

(D.)

Selected Articles from Newspapers on the Centenary of the "Wealth of Nations."

THE following articles on the Centenary, from leading newspapers, are collected in this Appendix, as evidence of the present state of public opinion on the position and aspect of Political Economy in this country, viz. *Economist*, *Times*, *Daily News*, *Pall Mall Gazette*, and *Capital and Labour*.

I.

(*Economist*, June 3, 1876.)

THE "Wealth of Nations," which was published in 1776, is this year just a hundred years old, and the English Political Economy Club gave on 31st May a dinner in celebration of the fact, at which they had the remarkable honour of entertaining the French Minister of Finance, who came from Paris for the purpose, and who made on the occasion a most admirable and suitable speech. No compliment could have been more suitable for a dinner in celebration of the beginning of the most effectual of political philosophies, and the one which has by far the most affected the intercourse of nations.

Nothing beforehand—nothing if we look at the matter with the eyes, say, of the year 1770—could have seemed more unlikely than that Adam Smith should have succeeded in such an achievement. Political economy is, above all things, the theory of business; and if ever there was an eminent man who pre-eminently was not a man of business, it was Adam Smith. He was a bookish student who never made a sixpence, who was unfit for all sorts of affairs, and whose absence of mind is hardly credible. He once astonished a sentinel who did him some kind of military salute by drawing himself up and giving, with perfect gravity, a fac-simile salute in return. On another occasion, when he had to put his signature to an official document, instead of doing so, he copied with slow and elaborate care the name of the person who had signed before him. And these acts are but specimens of his life. If the

townsmen of Kirkcaldy—the little place where the “Wealth of Nations” was written—had been told to select the townsman who was most unlikely, as far as externals went, to tell this world how to make money, most likely they would have selected Adam Smith, whose writings have, in fact, caused more money to be made, and prevented more money from being wasted, than those of any other author.

That there had been various preceding political economies, more than the common world much remembers, rather enhances the wonder. Unquestionably, many hard-headed men, and some sorts of writers, can be mentioned who approached more or less nearly to the general doctrines now accepted as the true theory of commerce. What sort of “natural selection,” then, made Adam Smith’s political economy so much more successful than that of all others? Why was this most unlikely-looking Scotch student the “favoured” philosopher whose name was to be annexed for all time to the true theory of trade?

One great piece of good fortune to Adam Smith was his time. Historians of science remark that most great discoveries are based on large collections of new facts. And this was the case with trade in the eighteenth century. There was then a much vaster, a much wider, and much more varied commerce than the world had ever seen in any preceding time. And its contents were catalogued and were commented upon in a quantity and with an accuracy which there had been nothing like before. “Political Arithmetic,” as statistics were then called, was no doubt then very small in comparison with the mass of figures to which it has grown now; but still it existed, and existed for the first time—at least, in any connected bulk—and that existence was a sign of the recent extension of commerce and of the changed place it began to take in men’s minds. Adam Smith was singularly fortunate among philosophers, for he had a new world to explain, and new data for explaining it.

And he had also a world to conquer. The new commerce which had grown up had done so in spite of any law which could be framed to prevent it. Not that such had been in the least the intention of legislators. On the contrary, they were most anxious to develop trade, and to make the nations rich which were subject to them; but they had pursued a wrong, though very natural, method. Seemingly, the most obvious person to consult on matters of trade is the trader; the person who, at first sight, seems likely to know most about a thing, is the person who makes it; and, accordingly, the European Governments had taken counsel with the producer. But, unhappily, the producer was just the wrong person to consult. What he wanted was a high price for his article, and a monopoly of the market in which to sell it, and the laws he recommended were inevitably framed, more or less, to obtain his wishes; whereas the interest of the nations which the Governments were trustees for, and which they were sincerely desirous to serve, was

a "low price," unrestricted competition from abroad, and a freedom for everyone to buy or sell everything at home. The legislative success of Adam Smith's philosophy has transcended that of all other philosophers very much from this. He found a world in which the interests of the buyer were supposed to be secured by laws framed at the suggestion of the seller, and he was able to show, not by mere elaborate argument—though he gave that too—but also by an unsurpassed store of living illustrations, that these laws worked ill, and were sure to do so, because they were framed in the wrong person's interest. To use a homely illustration, Adam Smith was so fortunate as to find a world in which "the cat had the custody of the cream," and to have had unprecedented facilities for showing the absurdity of the arrangement.

And when we look more closely at the matter, we find, notwithstanding the outside impression, that he was a person singularly fitted to do this. He belonged to what—calling the group from the representative most familiar to us—we may call "the Macaulay type of Scotchmen." He possessed in combination exactly that power of lucid exposition, that eager interest in his subject, that immense power of illustrating it from all quarters, and that hard kind of predominant—we might almost say, intolerant common sense, of which every reader of Mr. Trevelyan's excellent biography will just now have in his mind an almost perfect specimen. Many persons are now deterred from reading the "*Wealth of Nations*" by the dulness of modern books of Political Economy, but most of it really consists of some of the most striking and graphic writing in the language. And its defect, like that of several other great works of the eighteenth century, is rather that it tries to make its subject more interesting than it ought to be, and not to dwell on the dull stand-points of the truth, though these are often the most important parts of all. But perhaps for its peculiar time and purpose this defect was almost a merit. It gained a hearing from the mass of mankind, who always think they ought to be able to understand even the most complex subjects with little effort, and so brought home approximate truth to those most concerned in its application. A student familiar with abstractions may prefer teaching like Ricardo's, which begins in dry principles, and which goes with unabbreviated reasoning to conclusions that are as dry. But such students are very rare. Teaching like Adam Smith's, imperfect and external as from its method it is, vitally changes the minds and maxims of thousands to whom an abstract treatise is intolerable.

Three other circumstances, too, helped on Adam Smith. First: He was educated in England—educated, we mean, as a young man; and though Oxford may have taught him little of book learning in comparison with what she ought, as he always said she did, she gave him (for he lived there several years) a sort of familiarity with English things, and of sympathy with English life, which the Scotchmen of that day often

wanted. Anyone who will compare Hume's way of treating an English subject with Adam Smith's, will at once feel the contrast. Hume without disguise hates the whole thing; Adam Smith—though, no doubt, even in him there are unextinguished vestiges of the old feud between the countries—abounds in kindly understanding, and seems always to remember that he spent a happy youth in England, though possibly not one of the elaborate book-training which he coveted.

Secondly: Adam Smith lived for years in Glasgow, then even a commercial city of intelligence, and was a member of a club of merchants, "in which the express design was to inquire into the nature and principles of trade in all its branches, and to communicate their knowledge on that subject to each other." A set of strong-headed merchants, trained, as the Scotchmen have ever since the Reformation been, in abstract reasoning, would be sure to argue out something near to Free Trade; and tradition preserves the name of a certain "Provost Cochrane," to whom Adam Smith always said he was under great obligations. This club, and the atmosphere of Glasgow life, probably taught him more than he was aware of, not so much in the way of definite ideas and conclusions, as in the way of "putting business things" so that men of business can understand them—an art which a man cannot learn in his study, for books will never teach it, but which Adam Smith pre-eminently possessed, and which is an essential prerequisite to his characteristic work.

Lastly: Adam Smith resided in France a considerable time in middle life, which not only brought him into contact with the French *economistes* who had, like him, a Free Trade doctrine, and traces of whose influence, curiously leavening the original Scotch substance of the thought, are everywhere to be found in the "Wealth of Nations," but also generally widened his culture, excited his mind, and, in those days of the old *régime*, introduced him to an almost complete specimen of commercial morbid anatomy on the greatest scale, showing how a treasury which ought to be full might be made empty, and how a nation which ought to have been rich and happy might be made and kept poor and miserable.

As far as England is concerned, most of the legislative effects of the work of Adam Smith are complete. He thought the adoption of a Free Trade legislation as unlikely as the creation of a "Utopia," but yet it has been established. The fetters in which pre-existing laws bound our commerce have been removed, and the result is that we possess the greatest, the most stable, and the most lucrative commerce which the world has ever seen. Deep as was Adam Smith's conviction of the truth of his principles, the history of England for the last thirty years would have been almost inconceivable to him. Thirty years ago Carlyle and Arnold had nearly convinced the world of the irrecoverable poverty of our lower classes. The "condition of England question," as they termed it, was bringing us fast to ruin. But, in fact, we were on the eve

of the greatest prosperity which we have ever seen, or perhaps any other nation. And it was to the repeal of the Corn Laws in 1846, and to the series of changes of which this was the type, and the most important, that we owe this wonderful contrast. The nature and the direction of the result Adam Smith would have unquestionably accepted; but the magnitude and the rapidity, the "figures and the pace," would have been far beyond his imagination. Even to us, with the aid of our modern experience of large transactions, they are amazing, and no mind trained in the comparatively slow and small school of the eighteenth century would, a hundred years since, have been able to think them possible.

In almost all other countries much remains to be done in the alteration of the laws in the way that Adam Smith would have suggested. The English race have gone into many countries, and have there done many wonderful things; but they have not been able to take their Free Trade principles with them. Everywhere "Protection" rises like a weed from the soil; the wish to consult, and the habit of being guided by the producer, are as strong in the United States in 1876 as ever they were in England in 1776; and almost all our colonies partake the same spirit. Probably no one can over-estimate the loss of wealth and the diminution of happiness which this unhappy ignorance causes. A rational tariff in America would have done more indirectly to make American industry stable and prosperous, and directly to advance the growth of wealth and industry, than anything else which could be named. And yet an irrational and pernicious tariff seems fixed upon the United States for many years.

In Europe there has not been for many years any symptom of commercial progress so good as the presence of M. Léon Say, the French Finance Minister, at Adam Smith's festival. The circumstances of France are for the moment very difficult; a very large revenue must be raised, and in this case, as in all similar ones, much of it will have to be raised not in the best way. But it is much that the guidance of such immense affairs should be in the hands of one who is thoroughly imbued with wise opinions, and much that they should no longer be at the mercy of M. Thiers, the last statesman in Europe, perhaps, who avers that he is "a Protectionist on principle," and who only wishes that the "tall chimneys" of some favoured producer should smoke and thrive, no matter at what cost to the consumer, or at what ruin to other industries.

And though in England the legislative work of Adam Smith has nearly come to an end, there is much else which we have yet to learn from him—at any rate, from the spirit of his teaching, if not from its letter. Though a political economist, he was not a mere economist; or, rather, he was the antithesis of one as we now think of him. Great as his work has been, he said, with much melancholy, not long before his

death. "I meant to have done more." The "*Wealth of Nations*" was but a part of a much larger work in which he meant to treat something like what we should now call the "evolution" of human society and of human improvement. He discovered, as it has been put, "the natural progress of opulence while looking for the natural progress of all things." And he was disappointed to think that he finished so little of so great a scheme. In this critics, instructed by longer experience, will not agree with him. These great plans are the bane of philosophy; "the master mind," as has been profoundly said, "shows itself in limitation;" and, fortunate as Adam Smith was in many ways, it is his greatest good fortune that fate constrained and compelled him to it. But, nevertheless, this wider design, in which the "*Wealth of Nations*" began, is one of its peculiar features, and one which we now-a-days much want Adam Smith to complete. The world is too much divided between economists, who think only of "wealth," and of sentimentalists, who are never so sure they are right as when they differ from what political economy teaches. Now of course it is true that there are some things, though not many things, more important than money, and a nation may well be called on to abandon the maxims which would produce the most money for others which would promote some of these better ends. The case is much like that of health in the body. There are unquestionable circumstances in which a man may be called on to endanger and to sacrifice his health at some call of duty. But for all that bodily health is a most valuable thing, and the advice of the physician as to the best way of keeping it is very much to be heeded; and in the same way, though the wealth is occasionally to be foregone, and the ordinary rules of industry abandoned, yet still national wealth is in itself and in its connections a great end, and economists who teach us how to arrive at it are most useful. Nor were they ever so useful as now, when there is a tendency to magnify the occasional exceptions to their doctrines into the rule. Their teaching, being based on hard fact, is often most painful to human nature, and accordingly in every age a whole race of socialists will gainsay and oppose it. They are like pleasant doctors who teach people to eat and drink too much, only they have higher pretensions, and say you must not think of health only; there are things which are higher than health; and so they appeal at once to the higher aspirations of humanity and to its lower weaknesses. We must not be deluded into thinking that the characteristic work of Adam Smith is over because the laws of which he disapproved are repealed. Perhaps there never was a time in which we more needed to combine a stern and homely sagacity resembling his, with the far-reaching aims and ample knowledge for which he was so remarkable.

II.

(Times, June 1, 1876.)

ONE of the numberless private Societies that have been established in London for the purpose of enabling men of similar tastes to come together and discuss the subject, or subjects, in which they have a common interest, held a somewhat special meeting last night in honour of Adam Smith. It is just 100 years since the "Wealth of Nations" was published, and the Political Economy Club have thought it not unfitting to devote an evening to the discussion of the influence which has been exercised by that work. It is at once obvious how much may be said on such a subject. The industrial and commercial development of our own Empire may be cited in illustration of the power of principles which Adam Smith was the first to perceive distinctly and to inculcate with authority. Other causes have, indeed, co-operated in developing that great growth in the production and distribution of the commodities and conveniences of life which we inherit; but the discovery of labour-saving machinery, including therein the increased facilities of transport, would have been deprived of half their influence had not the spirit of our commercial legislation been simultaneously renovated. Declamation in praise of Adam Smith is easy, although our satisfaction may be qualified by the reflection that there are portions of his teaching which have been neglected, though they are as irrefragably sound as those which have found acceptance and operated to change the course of national policy. But the opportunity of the 100th anniversary of the publication of the "Wealth of Nations" may be used for other purposes than the glorification of Free Trade. If we turn back, as we naturally must, to the book itself, we may be more profitably struck by the characteristics of its style and method. We are all of us, in profession at least, Freetraders, though there are woful revelations now and then of the feeble grasp of true doctrine among many of those who claim to be of the household of the faith. But if we are possessed of the results of Adam Smith's teaching, we cannot boast to be penetrated by the spirit that directed his investigations. If the centenary of his *magnum opus* could be distinguished by the acquisition of something of this spirit, we should get no small gain from its recurrence.

Every student of Adam Smith must be struck by the simplicity, the clearness, and the directness of his reasoning, and by the calm and equable temper which everywhere controls it. The perspicuous style of his book reflects the open intelligence of the man. He attains the lucidity of the eighteenth century because he is especially distinguished by that freedom from prejudice which was reached by its choicest spirits. It is difficult for us to realise the extent of this freedom. We find nothing extraordinary in reasoning that must have startled the contem-

poraries to whom it was addressed. If we attempt to put ourselves in the position of the men of a hundred years ago—if we remember that it was then still accounted an English virtue to be jealous of Scotchmen, we may faintly understand the mental upsetting that befell our great-grandfathers when they first tried to read the “Wealth of Nations.” They found their most cherished opinions scattered. Mr. Fox may be taken, both from the structure of his mind and from the intimacy of his intercourse with the best classes of France, as a most favourable example of the liberal thinkers of the generation which immediately followed Adam Smith, and Mr. Fox was so little disposed to accept the teaching of the thinker that he did his best to obstruct the removal of the barriers which impeded Free Trade with Ireland. Adam Smith was above prejudice, and as a natural—perhaps we should say a necessary—consequence, he was above passion. There are thinkers of our own day who may, perhaps, be recognised hereafter as men who emancipated themselves from the fetters which restricted the activity of mind of their contemporaries, but we fear it will be added of most of them that they had not risen into the serenest air of pure truth, but remained to the last enveloped in an atmosphere of gusts of passion and storms of resentment. Adam Smith had none of the weakness that explains the ebullitions of philanthropy. He was, indeed, full of humanity. In all his speculations he never loses sight of any class, and least of all that most numerous army of labourers who form the bulk of the population of civilised communities. His speculations led him to examine again and again the effect of the growth of nations upon their condition, and he anticipated by nearly a century the arguments in favour of the utmost liberty of self-help for those who live by daily wages. The profoundly practical spirit of the “Wealth of Nations” has been always recognised as one of its most eminent merits. This characteristic of it is, perhaps, more clearly seen when a comparison is made between it and the speculations of Mr. Ricardo, which appeared in a subsequent generation to correct and complete it. The professed student acknowledges a singular charm in following the trains of thought pursued and maintained by Ricardo. He is rapt above the accidents of special examples and illustrations of the reasoning opened up before him, and what may be condemned by many as the repulsive rigour of abstract thought reveals to him a beauty which commands his admiration and even his enthusiasm. We cannot afford to dispense with these resolute wrestlers with truth, and this generation of uncertain opinions might be subjected with more than common profit to a course of rigorous training in the study of Ricardo; but we shall still have to confess that the observation of everyday life which appears in every paragraph of the “Wealth of Nations” must attract and retain a circle of readers far outnumbering the faithful band ready to accompany the severer reasoning of Adam Smith’s first great disciple. It would be unpardonable to omit to refer to another

characteristic of the "Wealth of Nations," though its existence may be derived from those which have been noticed. In its international elevation of thought it marked an epoch in the literature of Europe as distinctly as the publication of the *De Jure Belli et Pacis*. The first paragraph in the "Wealth of Nations" connected the growth of communities with the development of the principle of the division of labour, and it is now a commonplace to say that Free Trade is nothing more than an extension of the operation of this principle between nations. Adam Smith may be characterised by the epithet that was applied to one who had much of his spirit, as he must have drunk deeply of his wisdom—Mr. Cobden. He also was an international man. Among the best and most fruitful years of his life must be reckoned the two or three he spent in travelling, mainly in France, as tutor to the young Duke of Buccleuch of that time, and his biographers tell us that it had been his intention to dedicate the "Wealth of Nations" to M. Quesnay had not the death of that philosopher preceded its publication. It must not, however, be supposed that Adam Smith was deficient in the spirit of patriotism. His remarkable defence of the Navigation Laws, as an exception to the application of the doctrines of Free Trade, that they should be maintained for the sake of securing necessary reinforcements of our naval strength, must be remembered as evidence of his devotion to his country.

Nothing was more characteristic of Adam Smith, or of the age in which he lived, than the moderation of his hopes. He sent his speculations forth into the world with the faintest expectations of the results that have followed. In a well-known passage of the "Wealth of Nations," he declared that to expect the complete restoration of Free Trade in Great Britain was as absurd as to expect the establishment of an Oceana or Utopia in it. We are still far away from the abstract Republics of Harrington and More, but we have very nearly realised the dream of Free Trade that Adam Smith pronounced absurd. It is perhaps true that Free Trade has established itself more as a fact than a doctrine; but when the first position is firmly occupied the second must follow, and the time is not distant when the supremacy of Adam Smith's teaching shall surpass his largest hopes. The result must be an encouragement to those who are now labouring for a distant future. If we give ourselves up, as Adam Smith did, to understand truth without prejudice and without passion, we shall get it for ourselves and have the privilege of conveying it to others. He was an obscure Professor in a poor University in what was then the contracted society of a small provincial town; but, being himself free from the spirit of pettiness and vanity, he was able to add thought to thought, and to build up truth upon truth, until he put forth the sum of his life in a book which has transformed the opinions and the laws of nations.

III.

(Times, June 6th, 1876.)

THE gathering of the Political Economy Club, to which we referred on 1st June, in honour of the centenary of "The Wealth of Nations," was signalised by a very remarkable testimony to the influence of that book. The French Minister of Finance was present to declare himself a disciple of the Scotch Professor, engaged in applying his teaching in the actual work of French administration. Though Mr. Gladstone, Mr. Lowe, and Mr. Forster have held high office in the State, they are just now relieved of the responsibilities of government, and spoke rather as public men honouring the principles to which they were long attached than as the exponents of a policy. But M. Léon Say is the Minister actually charged with the conduct of French finance, and his speech is a distinct declaration, not only of his personal opinions, but of the principles on which he and his colleagues propose to administer national affairs. Such a declaration is the more important when we remember how feeble seemed to be the hold of the doctrine of Free Trade on France some four years since, and that one of the most eminent of her living statesmen is at this day an unconverted opponent. The doctrine of Protection, founded on international suspicion, naturally became vigorous at a time of national humiliation; but the country has become since assured of its own powers, has observed the marvellous evidence afforded in successive years of the favourable results springing from expanded commerce, and the restrictive theory has lost ground. The treaty with this country, denounced by M. Thiers, has been continued, and is likely to be still further continued, until it has completely achieved its main purpose of bringing the French people, and with them the nations of Europe, to see the policy of leaving commerce perfectly free, independent alike of tariffs and of international stipulations. The presence of so many foreign economists of eminence gave special prominence to the work of Mr. Cobden, and both Mr. Lowe and Mr. Gladstone contributed to explain the history of the French Commercial Treaty. Its achievement was due to the impulse of Mr. Cobden, and this acceptance of a mutually regulated tariff by a disciple of Adam Smith was explained by Mr. Gladstone as a limitation of pure doctrine admitted with the view of inducing France to teach Europe Free Trade. The difficulties of obtaining support in France were great,—how great subsequent events have shown. Mr. Cobden believed that the acquiescence of France secured, that of all Europe would ultimately follow. English influence in the question was slight, owing to the belief that the adoption of Free Trade was only due to a newly-awakened sense of the advantages given by our insular position; but French influence was open to no such caviil, and it was to the authority of "France, who had

been the great mistress and leader of civilisation on the continent of Europe," that Mr. Gladstone traced the general movement towards Free Trade made abroad since 1860.

It is not merely the reaction against the revival of the Protectionist policy in France which M. Léon Say's presence indicated. His Government represents the Republican party, that great party of the Left, among whom some, however well-instructed on the question of the tariff, are as hostile to the main principles of Adam Smith as the late M. Pouyer-Quertier himself, the champion of the French manufacturers, could have been. A large section of the Left are the advocates of protecting and subsidising labour, and in thus crossing the Channel to honour the founder of the doctrine of Free Trade, M. Léon Say enunciated the policy of his Government and of his immediate following as distinct from any doctrines of Protection to labour held by his political supporters. He referred freely to the labour question, and contrasted Adam Smith's exposition of principle as adopted by his Ministry with the alluring theories presented to his countrymen. Mr. Gladstone justly stated at the meeting the true significance of the teaching to which the French Minister appealed. Its claim was not "that it made a number of rich men richer than they were before, or a number of men rich who formerly were poor, but that it invented a beneficial and blessed secret of mitigating the labour of those who were in hard and bitter circumstances, giving comfort and even reasonable abundance, not to scores, or hundreds, or thousands, but to millions to whom before life was a burden" It is this value to the people of economic teaching which is so often lost sight of by some of the most eminent writers and thinkers among ourselves, and it is not surprising that at such a time "the working classes," as M. Léon Say tells us, "or at least those who appear to have influence over them, are not generally favourable to freedom of labour as economists understand the term." Such a state of opinion is strongly marked among ourselves, and its importance is in no degree diminished by the reasoning which Mr. Gladstone applied to it. The question is not one of the relative culpability of the ancient upholders of the mercantile system and the modern leaders of Trade Unionism, but of the relative deficiency in clearness of perception which the class formerly exercising political power exhibited in comparison with the class now called to power in this country, and long since the basis of power in France; and the argument that in the former case the dominant class sacrificed the public in their selfishness, while in the latter the mischief is done to the working classes themselves, is only an additional proof how long a time it takes to bring economic truths home to the convictions of mankind. It may be that the conquest of ignorance is an easier task than the uprooting a corrupt self-interest; but the fact remains that even in the case of people who, according to Mr. Gladstone, are not liable to the temptation of a narrow selfishness, the

work of teaching them to discern what seem to most of us elementary truths is still to be done.

The homage paid by M. Léon Say to the memory of Adam Smith has a national interest for English economists apart from the public and economic significance of his address. By his own position in science and politics and his lineage, M. Léon Say represents better than any living Frenchman the great economic school of his country; and, hearty as has been the recognition of Adam Smith, assiduous as has been the study of his works by foreign students in political economy, there was much to be said in favour of the more ancient claims of France to have been the cradle of this science. As early as the reign of Louis XIV. the germs of true economic doctrine were being sown. Subsequently Turgot did much to develop them, and the course of study thus set agoing, though so slow in practically affecting French administration, has flourished without interruption to our own time. But the genius of Adam Smith enabled him to grasp out of vast materials around certain bold principles, which lifted to the rank of a science pursuits which up to 1776 were regarded as more or less desultory inquiries. French economists have been among the first to profit by the position thus given to their work. M. Léon Say, on behalf of his grandfather and his contemporaries, hailed Adam Smith as the first systematic exponent of the science in which both Englishmen and Frenchmen had laboured. This country has for the last thirty years done the author of "The Wealth of Nations" honour by continually endeavouring to apply his economic doctrines. France, at the beginning of a new political era, in the most marked manner declares her adherence to these doctrines, both as regards foreign and internal policy. In this cordial recognition of rational principles of administration by two such nations as France and England, we have an incident of no small promise for human happiness.

IV.

(*Daily News*, June 1st, 1876.)

PHILOSOPHERS, Lord Bacon has said, are "the servants of posterity." Other men work for results or for fame that may come up in their own time, but the philosopher must, in many instances at least, be content that the fruit of his labours shall only begin to grow after he himself has passed away. Posterity may therefore be held to owe an especial debt of gratitude to those disinterested servants. The Political Economy Club, in celebrating yesterday the centenary of Adam Smith's great work, only discharged its duty. Adam Smith indeed had not to look on the result of his labours as a man does on his life insurance—something to come in after he is dead. The "Inquiry into the Nature and Causes of the Wealth of Nations," which was published just one hundred years

ago, is described by Mackintosh as "perhaps the only book which produced an immediate, general, and irrevocable change in some of the more important parts of the legislation of all civilised nations." Nor has the century that passed between that day and this done anything to lessen the fame which even while Adam Smith was living had grown up around him. Almost the whole history of economic science thus far is contained in the period that began with his first studies and labours, and political economy has been active since his time beyond almost every other school of human thought. Naturally, therefore, his successors have been obliged to add much to what Adam Smith knew, to modify many of his conclusions, to correct mistakes obvious to us now, but which he could not have seen, and even in some instances to restore to their place as true ideas what he was excusably led to regard as mere fallacies. But the rank of Adam Smith, as the founder of the school of political economy in England, never has been, and we may venture to say never can be, disturbed. We might as well expect that the greater accuracy of observation which modern astronomers have displayed, and the superior instruments they have brought into use, would disturb the position of Galileo. Nor is it worth while to discuss the question as to the absolute originality of Adam Smith's principal theories. It is certain that he was not the first in point of time who thought some of them out and brought them to form. Turgot's "Reflections on the Formation and Distribution of Wealth" were published ten years before the "Wealth of Nations;" and, as an admirer of Turgot observes, it is not unlikely that it was made known to Adam Smith during the preparation of his great work. But Adam Smith's ideas did not by any means run in the same groove as Turgot's, and Turgot himself was the follower of Quesnay, to whom, if the latter had lived long enough for the completion of the work, Adam Smith intended to have dedicated the "Wealth of Nations." Dugald Stewart has, indeed, pointed out that Smith's lectures, which embodied the fundamental principles of his political economy, were delivered at Glasgow long before the publication of Turgot's work. In truth, the question is of little importance. In every sense but one Adam Smith was an original thinker. In that one sense which means absolute isolation, entire spontaneity, and self-generation of theory, no sound thinker ever was original.

We are not quite certain whether the story is true which connects Adam Smith's early years with one of the stock incidents of old-fashioned romance. He was born in Kirkcaldy in 1723, and the story goes that when he was three years old he was taken on a visit to his uncle who lived in a country place, and that while there he was stolen by gipsies. Luckily, however, his disappearance soon attracted attention, the neighbouring woods were searched, the gipsies were captured, the embryo philosopher was rescued, "and thus," as a grave narrator of half a century back observes, "Dr. Smith was preserved to extend the

bounds of science, and reform the commercial policy of Europe." We may at least hope that the adventure did really happen. It sheds a pretty gleam of romance over a career that is habitually looked on as one of austere and somewhat dry labour. It is a spot of colour at least as refreshing as Gibbon's one love affair, or Blackstone's poetic farewell to his Muse. Those who are fond of such speculations, and are given to asking what might have happened if Dant  had never thought of Beatrice, if Cromwell had emigrated to America, or Buonaparte had taken service under the Turk, may amuse themselves with speculating as to what would have become of modern political economy if Adam Smith, carried off by the gipsies like another Harry Bertram, had not been brought back. We are not inclined to indulge in any such speculations, and only mention the romantic incident at all because it serves to symbolise the fact that there was in Adam Smith's philosophic career, as well as in his actual life, much that the rigid rules of political economy could not endorse or explain. We are apt to think of him now as the author only of the "*Wealth of Nations*." But the thoughts of Adam Smith took a wider range—we certainly shall not say a deeper and loftier range, although that might be held by many readers—than is covered by the field of economic science. In the "*Theory of Moral Sentiments*," he set about divining and describing the general principles which ought to run through and be the foundation of the laws of all nations. Not a few, perhaps, of those who are well acquainted with the "*Wealth of Nations*," would read with a little surprise the praise which a writer of authority, coming soon after Adam Smith's own day, bestows on "the variety and felicity of his illustrations, the richness and fluency of his eloquence"—in the "*Theory of Moral Sentiments*"—and "the skill with which he wins the attention and commands the passions of his readers." The book, according to this critic, "leaves Dr. Smith among our British moralists without a rival."

In truth, the "science without bowels," as political economy has been called, has not been less fairly judged by some superficial thinkers than its eminent professors themselves have often been. Adam Smith was a philosophic theorist of a very pure and lofty order. He might have been admitted as a philosopher even by those who hold the business of industry and money-getting to be entirely beneath the dignity of "Divine philosophy." He has the merit, according to Sir James Mackintosh, of being "the first who has drawn the attention of philosophers to one of the most curious and important parts of human nature—who has looked closely and steadily into the workings of sympathy, its sudden action and reaction, its instantaneous conflicts and emotions, its minute play and varied illusions." We are not concerned to discuss the philosophical value of the theory which forms the fundamental principle of the book—that sympathy constitutes the foundation of morals. The work has a value in its thoughts, its illustrations, its

style, and its aims, which is little dependent on the soundness of its central theory. Justice and policy, according to all Adam Smith's ideas, must go together. He was not a pedant or a doctrinaire. He has said himself that a statesman who cannot establish the right must not disdain to ameliorate the wrong, and that, like Solon, when he cannot establish the best system of laws, he must endeavour to establish the best that a people can bear. We have read somewhere that Smith was greatly impressed by a remark which Burke made to him in defence of some legislative compromise to which the former was objecting—that it is the privilege of the philosopher to conceive his diagrams in geometric accuracy, but that the statesman, like the engineer, must sometimes impair the symmetry and simplicity of a machine to overcome the irregularities of friction and resistance. But it may probably be said with justice that, contrary to common impression, the genius of Adam Smith was philosophical in the antique sense quite as much as in the modern. As a mere man of letters, his place is very high. "There is not a book of better English to be anywhere found," says Lord Brougham, speaking of the "*Wealth of Nations*;" and, indeed, the variety of what we may properly call literary thought and illustration displayed almost everywhere in that book give it a complexion which might remind the reader sometimes of Bacon, or we had almost said of Montaigne. The simple, affectionate nature of Adam Smith, his odd reserve and abstraction when in company, his habitual shyness when face to face with strangers, his almost unrestrained benevolence, are well known. In his instance, as in so many others which we all remember with gladness, the great man shows all the greater as we follow him into his home, and see him in the companionship of those whom he loved. In an age overflowing with intellectual greatness, his was assuredly one of the noblest and most fruitful intellects. Critics need not take any trouble about assigning him his place; his life has marked it for him, and made it indisputable. The homage rendered to him last night by Mr. Gladstone and M. Léon Say nobly conveyed the tribute of practical statesmanship to speculative thought.

IV.

(Pall Mall Gazette, May 30th, 1876.)

THE centenary dinner which the Political Economy Club is to give in honour of Adam Smith's memory, and which is to be presided over by Mr. Gladstone, does not coincide with an auspicious moment in the history of the science which Adam Smith founded. Mr. Lowe, who is to "initiate" the discussion after dinner, will possibly explain the decline of Political Economy in credit much as he explained the downfall of the Government of which till lately he was a member. It has done

so much for humanity that men have got tired of its virtues, as they have got tired of the virtues of virtuous people from time immemorial. Nevertheless, the class of minds in which Political Economy has fallen into low or lower esteem are not exactly as the mind of the compound householder. In Germany a whole school of thinkers has arisen which is probing the weak points of the system accepted by the Political Economy Club with the patient steadiness characteristic of the young and learned German innovator. M. de Laveleye in Belgium and M. Léon Say in France have expressed themselves as profoundly dissatisfied with the existing economical methods. In our own country, oblivion of the perfect doctrine appears to have gained ground in the highest quarters, for, whatever was the weight of the political objections urged by Whig noblemen against Lord Salisbury's instructions to Lord Northbrook on the subject of the Indian tariff, nothing could be more surprising than their economical arguments in the mouths of statesmen who had shared in the establishment of Free Trade. A far more fertile topic for discussion at the Political Economy Club would be the transformation which the science underwent after Adam Smith's day, and the consequences of that transformation. It is extremely doubtful whether Adam Smith had any idea of his own inquiries as likely to lead to a system of abstract principles worked out deductively to their consequences. Such a system was, however, created by his successors, and the question is whether some of its imperfections are not the true cause of the relative discredit into which Political Economy has fallen. Unquestionably Political Economy is indebted to its new form for some of its greatest practical successes. Abstraction, it has recently been observed, is essentially a labour-saving process; and we may well doubt whether, amid the multitude of phenomena, the recommendations of freedom of commerce could ever have made their way into men's minds unless they had taken the form of deductions from a limited number of principles. But still it is plain that, as the process goes on of verifying the conclusions of the economists by comparison with facts of life and human nature, and with the history of either, a conviction grows and spreads that there is error or imperfection somewhere. Some suspect the principles are the result of incomplete abstraction; others that the deductions are hastily effected. The explanations of the doctors of the school who have become aware that something is wrong cease to give satisfaction, and the authorities contradict one another. "Political Economy," once said Mr. Lowe, "belongs to no nation and is of no country. It is founded on the attributes of the human mind, and no power can change it." "Political Economy," says a distinguished literary apologist for it, Mr. Bagehot, "is restricted to a single mind of society—a society of competitive commerce, such as we have in England."

An essay by an eminent economist, Mr. Cliffe Leslie, who has felt the importance of the rising discontent much more strongly than is common

in this country, points out in a very interesting way the most serious of the objections to the accepted method of Political Economy. It seems to be intended for a Dublin academic periodical called *Hermathena*, but the argument well deserves to be embodied in some more permanent form. Mr. Leslie does not appear to us to be altogether just to the deductive political economy of our day, or to discriminate quite sufficiently between the cases in which the preliminary positions of the science professing to have been arrived at by induction are really faulty, and the cases in which they are no more imperfect than every abstract statement must be through that rejection of particulars which is of the essence of abstraction. But all his objections are acute, and some are very formidable. Thus there is great force in his criticism on the following proposition of Mr. J. S. Mill:—"Political economy makes entire abstraction of every other human passion or motive, except those which may be regarded as perpetually antagonising principles to the desire of wealth—namely, aversion to labour and desire of the present enjoyment of earthly indulgences. These do not merely conflict with the pursuit of wealth, but accompany it always as a drag or impediment." Mr. Leslie observes on this, that aversion to labour is one of the greatest of all sources of wealth, since it has been one of the principal causes of inventions and improvements. It was to save labour, as Adam Smith remarked, that most machines were originally devised by common workmen, and household furniture and architecture have the greatest part of their existing form determined by "aversion to labour." Equally acute is Mr. Leslie's criticism on the well-known position that wealth is increased by productive and diminished by unproductive expenditure. Unproductive expenditure and consumption, he argues, do not necessarily tend to diminish wealth; on the contrary, they are the ultimate incentives to all production. Many a man lives a life of drudgery in expectation that some day or other he may, so to speak, purchase with the results of it one costly pearl which he or his descendants may dissolve and drink off. The prospect of luxurious indulgence, or, in other words, unproductive expenditure in a man's old age, or in the person of his children, is in an enormous number of cases the one real motive of economy and industry. Moreover, says Mr. Leslie, following Adam Smith, the effect of expenditure on the amount of wealth depends on the direction which it takes. "Consumption and expenditure in abstract political economy have become misleading terms. Both have come to denote the using up and destruction of things, whereas expenditure properly denotes simply the purchase, and consumption simply the use of the articles in question. If the things purchased be of a durable kind, unproductive consumption may amount in reality to a form of accumulation. In the fifteenth century, and long afterwards, one of the chief modes of laying by for a man's wife and family was the purchase of plate, furniture, household stuff, and even clothing."

Most of Mr. Leslie's objections are in reality objections to the abstract propositions on which Political Economy rests. They impliedly deny the soundness of its theory of human motives; not at all, however, on what is sometimes called the sentimental ground that the motives to which it confines its attention are coarse or wicked, but on the ground that these motives have been imperfectly analysed, carelessly selected, and not arranged in the proper order of superiority and subordination. The chief object of this writer is, however, to establish that no abstract statements concerning human nature, such as those which are the basis of the received economical science, can safely be made without taking into account the condition of the society to which these statements are applied and the particular phase through which it is passing. The German economist, Roscher, has remarked that every economical system has a corresponding legal system as its background. The connection of political economy with law is hardly ever noticed by English economical writers; yet without a particular state of English and Scottish law there would have been no science of political economy. Land had very long (though no doubt with serious limitations) become exchangeable in the two countries; contracts of nearly all kinds were regularly enforced by the courts; the testamentary power was recognised on both sides of the Border, and in England was extraordinarily unfettered; the Reformation had swept away a vast number of rules of law, mostly of religious and ascetic origin, by which commercial liberty was embarrassed. Mr. Leslie, like most of the German historical economists, insists that besides the legal background there is an historical perspective without which human nature in any given phase cannot be understood. "The desires of which wealth of different kinds is the object, and those which compete with them, are in every nation the results of its historical career and state of civilisation. What are called economical forces are not only connected with but identical with forces which are also moral and intellectual. The desires which govern the production, accumulation, distribution, and consumption of wealth are passions, appetites, affections, family feelings, æsthetical tastes, and intellectual wants." These desires may vary from the mere craving for food which was uppermost with the primitive man, to the gluttony, cruelty, and ostentation which were the strongest of Roman motives during the Imperial period. The political economy, says Mr. Leslie, which shuts its eyes to this vast and complex multitude of motives is, in fact, a mere negation of the old mercantile theory. As the adherents of this theory contended that only money is wealth, its opponents are contented to lay down that wealth consists exclusively of things exchangeable, and that the motives which constitute the desire of wealth are only those which lead directly to exchange.

VI.

(Capital and Labour, June 7th, 1876.)

It will be a happy thing for English statesmanship if the celebration of the centenary of the publication of Adam Smith's great work calls new attention to its principles. Political Economy, as it is known and believed in this country, was born in the same year as the American Republic by the issue to the world of the "Inquiry into the Nature and Causes of the Wealth of Nations." For some years the public paid little heed to the teacher who had arisen in the far northern university, and could scarcely believe that any good thing could come out of a remote seat of Scottish learning. It is, moreover, very difficult for us to understand the dense and blinded ignorance of all that had to do with the economic constitution of society in which people were then living. As Mr. Lowe pointed out in his excellent speech at the Political Economy Club dinner, Dr. Johnson, in one of his conversations recorded by Boswell, actually laid it down as an axiom that one man could not increase his store of wealth without making other men poorer. Wealth, in this ignorant view, was a fixed quantity, and the more one man got the less others could keep. The idea had come down from feudal times, when men got rich by the plunder of others, when land was wealth, and of course no man could increase his lands without diminishing those of his neighbours. Yet there had always been in the world the two simple truths on which Adam Smith's whole teaching was based. Even Dr. Johnson knew that wealth has two sources—industry and thrift; and poverty two causes—idleness and waste. All the world has known this from earliest times. Every moralist has taught it, every lawgiver has acted on it, and in its application to individual men it has never been disputed. But Adam Smith applied it to nations. Johnson's idea, and the blind notion of his times, was that the frugal and industrious man gathered and accumulated what the idle man and the spendthrift scattered abroad and lost. Virtue thus preyed on and punished vice, while rewarding itself. But suppose every man to be industrious and frugal, there would then be no idle squanderers on whom to prey, and hence, according to this doctrine, no state of generally-diffused wealth was possible. Adam Smith, however, swept away this miserable theory by as clear a course of reasoning as ever was produced by man. He shows that every man who by industry and saving was benefiting himself was doing a like benefit to the State. There is a popular saying which embodies this doctrine, that a man who makes two blades of grass grow where one grew before is a benefactor to his country. He is the richer, and no other man is the poorer. Nay, every other man shares his gain, because the existence of two blades of grass where before there was only one will make each single blade

somewhat cheaper than it was before, and therefore all the products of the meadow will cost somewhat less to those who have to buy them. This making two blades of grass grow where one grew before is just an example of the way in which industry creates wealth, and of the method by which the creator of the wealth first benefits himself and then benefits everybody else. It is the principle on which the wealth of modern nations has been created; and it is just that which distinguishes the wealth of England, which is built up on the commerce of the world, from that of military Rome, which was the accumulated plunder of mankind.

These statements are mere truisms in 1876, but they were not so in 1776. We then stood on the threshold of the Industrial Era, and the philosopher who was to teach the world the new principles which the new time was to evolve was Adam Smith. His first convert among statesmen was Mr. Pitt; and the first French Treaty, as Mr. Lowe says, directly resulted from it. The dawn of the new industrial era was, however, clouded over by the storms of the revolutionary wars, but Adam Smith's great work was being read and studied by the men who were to be the statesmen of after years. Mr. Fox never seems to have become a convert to Free Trade doctrines; Political Economy was, in fact, not a study which was likely to occupy those great Whig leaders who were fighting against absolutism in the State, and trying to set limits to what then appeared to be an illimitable war. The Corn Laws were, in fact, passed long after the publication of Adam Smith's book; and some of the worst fetters ever imposed on trade were put on during the first half of the Century of Political Economy. It was, in fact, to the repressive measures which grew out of the war that we owe at least some of the force and elasticity of the rebound which established Free Trade as the policy of English legislators. The removal of the trade monopolies, such as that of the East India Company, the repeal of the Navigation Laws, against which Mr. Huskisson fought with such energy, and the anti-Corn Law agitation, which resulted in the final recognition of Adam Smith's policy, taught the generation which is now just passing away more Political Economy than the philosophers of any former age had known. Unfortunately, the lesson has not been continued. In the full blaze of the marvellous prosperity which Free Trade has brought, we are forgetting the steps by which we have come to it. Instead of letting trade alone, Government is developing an unhappy disposition to interfere with it. There is no class of business on which Parliament has not of late imposed certain restraints. But this is not all. We pointed out a short time since some of the pernicious nonsense which is being taught by the extreme Trade Union organs of the United States. Similar fallacies, though couched in milder language and having other objects, are being promulgated here. As *The Times* truly and forcibly said in recording this centenary of Adam Smith: "We are all of us, in

profession at least. Free Traders, though there are woful revelations now and then of the feeble grasp of true doctrine among many of those who claim to be of the household of faith." "Adam Smith, thou shouldst be living at this hour," we may exclaim in Wordsworth's words to Milton. He is, however, living in his book; and no greater service can be rendered to the country than that of bringing about a new study of that remarkable work, "The Nature and Causes of the Wealth of Nations," into which he so exhaustively inquires, and which he so conclusively sets forth, and which were being overlooked. Adam Smith succeeded in converting a generation which had not had experience of Free Trade; he would certainly re-teach an age which knows Free Trade in experience, but in the very prosperity it has engendered is forgetting the principles on which it is based.

It is, perhaps, an inevitable result of the vast increase in the literary productions of the present day that many of the great writers of the past are more admired than read. Of the Englishmen who believe that Milton's great epic stands at the head of the epic poetry of the world, very few have read "Paradise Lost" as a whole. There are, probably, multitudes of educated people who have never thoroughly read even Shakespeare, and who know most of our chief writers less by reading them than by reading about them. The same fate has overtaken Adam Smith. Probably for a thousand men who profess discipleship to the "Wealth of Nations," only one has read the book. Yet in the present day, with a new body of electors moulding the destinies of the nation, it is essential that the true sources of national wealth should be generally understood. A popular fallacy has now more chance of being embodied in legislation than it had in the last half-century; and, on the other hand, popular knowledge will tell with more force on the law-making portion of the community. Would it not be well, therefore, that some efforts should be made to popularise this knowledge? If half the nation read Adam Smith during this centenary year, our legislation for fifty years would be influenced for the better. This, however, is a result we cannot hope for, though it would be a step towards it if the Oxford and Cambridge examinations included some questions upon it, and necessitated the reading of some chapters in it. Moreover, the elements of Political Economy might be taught in all the Elementary Schools, and included in the standard of examination. It would simply be teaching our people the laws of national health and wealth; and that is surely as important as those of personal and physical well-being. We are not sure that the effect of the better teaching of Englishmen of the laws of Political Economy would not be a surer way of promoting order, industry, and most of the civil virtues, than any other we could adopt. Most of the dangers which threaten our commercial supremacy are due to the slight knowledge which the working classes and their leaders have of Political Economy. The conditions of national wealth are as

firmly fixed as the laws which hold the planets in their places or keep the sea and land apart. We cannot, perhaps, say that in all points they have been as clearly ascertained; but their broad outlines are at least as certainly known and as distinctly laid down. The present moment, moreover, is one at which the need of a more widely-diffused knowledge on these matters is coming forcibly home to the nation. The ignorance of their own interests which is exhibited by the Americans in their treatment of tariff questions, is almost paralleled by a similar ignorance in our working classes as to the relation of capital and labour. Teach them this, and the dangers which now threaten us would soon disappear. This is the work to which the close of the first century of Political Economy seems to us to call those who believe that in the principles discovered and taught by Adam Smith the true wealth of nations is involved.

(E.)

Note on the Principal Editions of the "Wealth of Nations," and outline of Dates of Life of Adam Smith.

SMITH, as he says in his preface to the third edition of his work (1784), made considerable alterations and additions to the original. In the fourth edition (1786) no alterations were made.

The author died in 1790. Ten editions of the work issued from the press between the time of the first publication and the year 1802, when the first French translation, that of the Marquis Garnier, was published. This edition was afterwards revised by Blanqui.

In 1805, Mr. William Playfair published an edition with short notes.

In 1812, the collected works of Adam Smith were edited by Dugald Stewart, to whom we are indebted for most of the particulars of Smith's life.

In 1810, Dr. D. Buchanan put forth an edition in three volumes 8vo., with short notes, appending a fourth volume of Dissertations.

In 1828, Mr. MacCulloch published an edition in four volumes 8vo., with notes, and a mass of "Supplemental Dissertations," the volume of which is nearly as copious as the original text. This edition was afterwards printed in a single volume. The object of Mr. MacCulloch was, to set Adam Smith right on a variety of topics.

In 1839, Mr. Gibbon Wakefield undertook an edition for Charles Knight, but failed to complete his undertaking. This edition was to have reached six volumes 8vo., but Mr. Gibbon Wakefield's contribution was to the first two volumes only; still this is an edition of great value.

In 1870, Mr. Thorold Rogers published an edition for the Oxford University Press, with short notes, and a new index. The peculiarity

of this edition is that it contains a verification of Smith's references, a labour never before undertaken. Smith's reading was very extensive, and his quotations are very numerous; but he very seldom gave references to the works from which he derived facts or opinions. The index to this edition is exceedingly copious.

The "*Wealth of Nations*" has been translated into French, Spanish, and German, and perhaps into other European languages. There are two translations into German; one by Döttien and Garve, another by Schiller and Wichmann. The Spanish translation is by Ortiz.

Of late years there have been a variety of excellent cheap editions, some of them well printed, and sold complete for two or three shillings.

The following notes may be added relative to the life of Adam Smith.

Adam Smith was the only child of Adam Smith, Comptroller of the Customs at Kirkaldy, a small seaport of Fifeshire, and of his wife Margaret Douglas, of Strathenry. He was born at Kirkaldy, on 5th June, 1723. During his early years his constitution was feeble and sickly. About the age of three years he is said to have been stolen from home by gipsies, but happily rescued without delay. His first schoolmaster was Mr. David Miller, of Kirkaldy, a teacher of great local fame.

In 1737 (age fourteen), he was sent to the University of Glasgow, and remained there till 1740, when he went to Balliol College, Oxford, as an Exhibitioner on Snell's foundation, with a view of qualifying himself for orders in the Church of England. He remained seven years at Balliol, but he did not find the intended profession of a clergyman congenial to him. In 1747 he returned to Kirkaldy. In 1748 (age twenty-five) he fixed his residence in Edinburgh, and delivered lectures on rhetoric and literary subjects. In 1751-2, he became Professor in the University of Glasgow, first of Logic, and then of Moral Philosophy, and he remained there for thirteen years (1751-64, age twenty-eight—forty-one). In 1759 (age thirty-six), he published his first important work, "*The Theory of Moral Sentiments*,"—a work which the students of the "*Wealth of Nations*" may refer to with advantage.

Towards the end of 1763, Mr. Smith was invited by Mr. Charles Townsend (who had married the Duchess of Buccleuch), to accompany the young Duke of Buccleuch on his travels through Europe; and the terms proposed were so liberal as to lead Mr. Smith to resign his professorship at Glasgow, in order to accept the appointment. Mr. Smith and the Duke went abroad early in 1764, and returned at the end of 1766. Most of the year 1766 was spent in Paris, where Smith made the intimate acquaintance of Turgot, Quesnay, Necker, d'Alembert, Helvetius, Marmontel, and the society in which they were the leaders. From his intercourse with Turgot and Quesnay it is certain that he acquired many of the theories and doctrines of the "*Wealth of Nations*."

The ten years 1766—76, were spent in retirement at Kirkaldy, and were occupied with the composition of the “Wealth of Nations”—the first edition of which was published early in 1776 (age fifty-three).

About 1778, the Duke of Buccleuch obtained for Smith the appointment of a Commissioner of Customs for Scotland, the duties of which required residence in Edinburgh. He visited London on several occasions during the following years, and, as is well known, was frequently consulted by Mr. Pitt. He died at Edinburgh in July, 1790 (age sixty-seven), and was buried in that mausoleum of Scottish worthies, the Grey Friars Churchyard. The “Wealth of Nations” was his last considerable work. It is known that he had made large collections for other writings, but a few days before his death he destroyed all his correspondence and papers. Till the death of his mother in 1784, she kept his house, and he died unmarried.

The following figures, comparing the year 1854,—the year in which the free trade legislation of this country was in many respects completed,—and 1874, may be useful. They show clearly enough the expansion of the Foreign Trade, notwithstanding the persistence of most of the nations with whom we deal, in hostile and (so-called) “Protective” tariffs.

Total Imports and Exports—

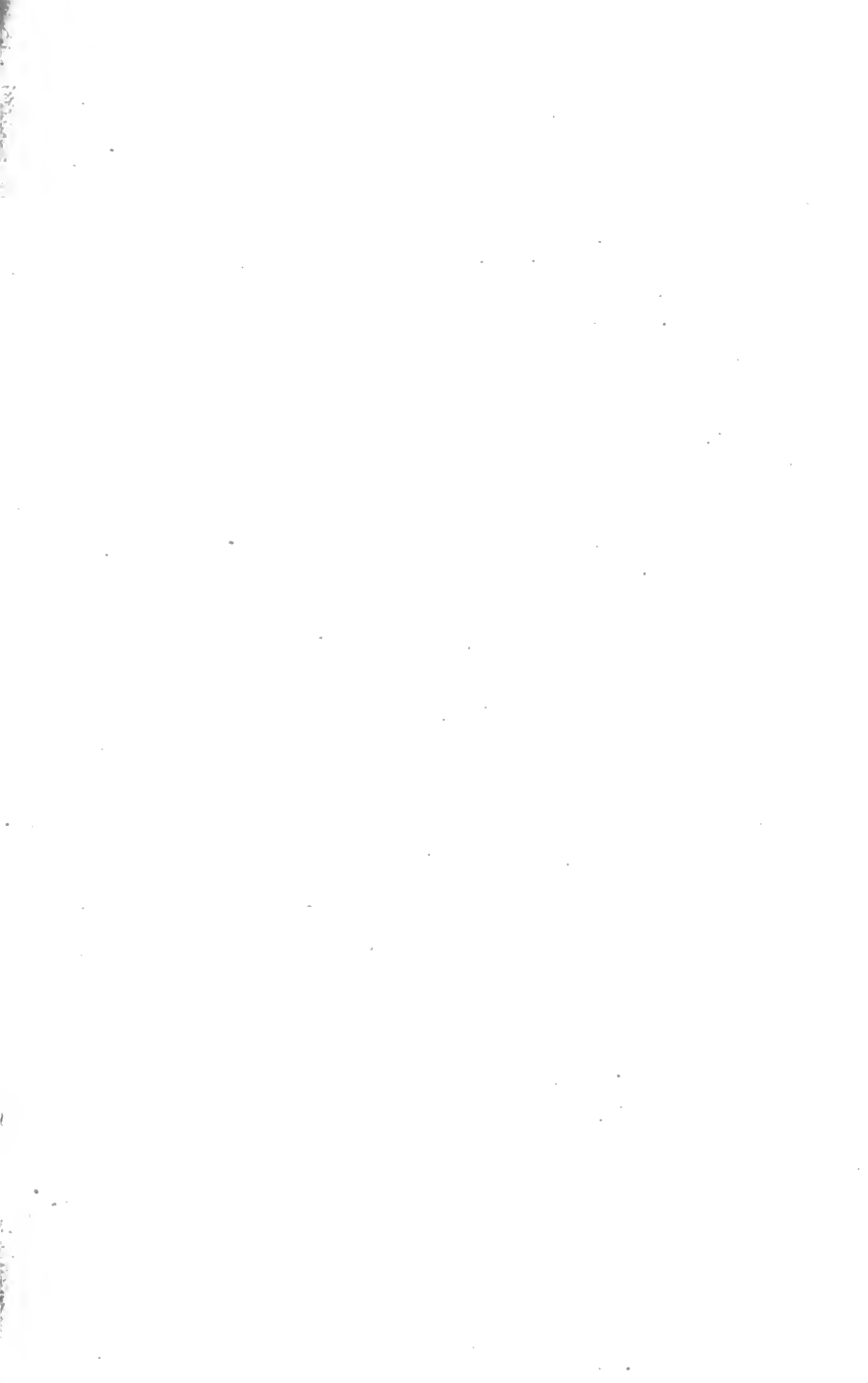
		£	s.	d.	
1854	... 268 mils. £, or	9	7	6	to every inhabitant.
1874	... 667 „ or	20	11	9	do. do.

Declared Value of British and Irish *Exports*—

1849	=	63 mils. £.
1874	=	239 „

The Annual Consumption of *Imported* articles was per head of population, in 1854 and 1874, as follows—

Article.	1854.	1874.	Article.	1854.	1874.
Sugar lbs.	32½	54½	Cheese lbs.	1½	5
Tea „	2	4½	Wine gals.	0·24	0·53
Rice „	3½	10	Malt bush.	0·94	1·94
Butter „	2	5½	Eggs No.	4½	21
Bacon „	1½	7¾			



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Political Economy Club, London
Revised report of the
proceedings at the dinner of
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